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CIS

OVERSIGHT ON THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

HEARING

BEFORE THE

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

OCTOBER 21, 1981

Printed for the use of the Committee on Governmental Affairs

U.S. GOVERNMENT PRINTING OFFICE
87-202 O WASHINGTON: 1981

5401-13

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OVERSIGHT ON THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

WEDNESDAY, OCTOBER 21, 1981

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The subcommittee met at 9:30 a.m.. in room 224, Russell Senate Office Building, Hon. Dave Durenberger (chairman of the subcommittee) presiding.

Present: Senator Durenberger.

OPENING STATEMENT OF SENATOR DURENBERGER

Senator DURENBERGER. The hearing will come to order.

Today, we continue a tradition that is older than the subcommittee itself. The Advisory Commission on Intergovernmental Relations was established by Public Law 86–380 in 1959. In June of that year Senator Muskie, who was to become the first chairman of this subcommittee, led hearings with Congressman Fountain of the House Committee on Government Operations on the legislation that established ACIR. Every 5 years since that original hearing, this subcommittee has conducted an oversight review of the Commission. This is a belated 20th anniversary hearing.

The membership of the Commission is established by law. The 26 members include three U.S. Senators, three U.S. Representatives, four Governors, three State legislators, four mayors, and three elected county officials. Over its 20-year life, ACIR has remained remarkably true to the purposes for which it was created. Let me quote Public Law 86–380 to describe the mission of ACIR:

It is intended that the Commission in the performance of its duties, will—

1. Bring together representatives of the Federal, State and local governments for the consideration of common problems;
2. Provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation;
3. Give critical attention to the conditions and controls involved in the administration of Federal grant programs;
4. Make available technical assistance to the Executive and Legislative Branches of the Federal Government in the review of proposed legislation to determine the overall effects of the Federal system;
5. Encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation;
6. Recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government; and

7. Recommend methods of coordinating and simplifying the tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between levels of government and to reduce the burden of compliance for taxpayers.

Over the past 20 years, ACIR has rightfully earned a reputation as one of the most valuable research and advisory institutions in the Federal Government. It was a great privilege for me to join Senator Roth and Senator Sasser as a member of ACIR in March of this year.

In preparation for this hearing, we have submitted a series of written questions to the Commission and its staff. The written replies make up an 80-page document which will be included in the record of this hearing and is available from the subcommittee for public review.[1]

After receiving the oversight document, we sent it to more than 100 citizens, State and local officials, former members of ACIR and others familiar with its work. We asked these individuals to review our questions and the replies, to consider the history and capacity of the Commission, and to share their thoughts with the subcommittee as a part of the oversight process. We were fortunate that many took the time to respond to this request. We will include their statements as a part of our hearing record.[2]

We will begin this morning with the testimony of Hon. James Watt, Chairman of the Commission, and Secretary of the Interior Department. Secretary Watt is often heard speaking for new federalism on behalf of the Reagan administration. He speaks forcefully for the rights of State and local governments in our Federal system.

The Secretary is the first Cabinet member ever to serve as Chairman of ACIR. We will want to explore the uniqueness of that dual role for the record. The Secretary is accompanied by Mr. Wayne Anderson, Executive Director of ACIR.

Mr. Secretary and Wayne, why don't you both come up? Mr. Secretary, I take it you have an opening statement?

Mr. WATT. I do.

Senator DURENBERGER. Thank you very much for being here today.

TESTIMONY OF JAMES WATT, SECRETARY, DEPARTMENT OF THE INTERIOR AND CHAIRMAN, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS, ACCOMPANIED BY WAYNE ANDERSON, EXECUTIVE DIRECTOR, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. WATT. Mr. Chairman, thank you for calling the hearing.

I have been given several assignments outside the traditional role of the Secretary of the Interior. This is an exciting one because of the special attention the President is giving to federalism and the basic structure of our Government.

I have accepted this assignment with special enthusiasm. The ACIR meetings that were held just a few weeks ago, Wayne informs me, were some of the best attended meetings that have been held, and we didn't lack for willing participants. I didn't participate in the afternoon session, but I understand you were there and sparked

[1] See p. 54.
[2] See p. 142.

more than a casual controversy, which I think is a healthy sign of a vibrant group.

I think we can expect a lot from ACIR, and I hope that it will produce as we expect it to produce. One of the reasons that it has potential for making significant contributions to the President's thrust for federalism is that the President has named some people to the ACIR who have a real interest in it. I think you are going to ask me some questions today about potential conflicts of interest, but I think it's great that the chairman of this subcommittee also serves on ACIR, so you are giving oversight to your own activities. I have duplicate roles that offer opportunity for conflict, and because there is an opportunity for conflict, I am a little more aware of the issues and attuned to them.

I think all these potential conflicts augur well for an exciting year or two ahead of us as we continue our ACIR studies.

Mr. Chairman, I have a short three-page statement to read.

This is an exciting era of dramatic changes in American government. The administration and the Congress have a new dedication to changing the relationship of the Federal Government with the State and local governments. Senator Durenberger, you and I have the unusual opportunity to help shape that new relationship. In addition to our respective roles in the Congress and the administration, we share responsibilities as Commissioners of ACIR and as members of the President's Federalism Advisory Committee. We will jointly be striving to bring the ACIR into the mainstream of change to help achieve the proper Federal-State-local balance in our Federal system. If, however, ACIR cannot do the job, the Presidential Advisory Committee will.

I believe we can make the ACIR even more effective. The Commission certainly recognizes the problem. Following its 3-year study of our Federal system, the ACIR reported in December 1980: "The Federal Government's influence has become more pervasive, more intrusive, more unmanageable, more ineffective, more costly, and above all, more unaccountable." In response to a motion made by Vermont Governor Snelling last January, the ACIR resolved to set as its highest priority to assist the new administration and Congress in their efforts to restore balance to the Federal system.

I know the administration is eager to accept ACIR's assistance. President Reagan is eager to reverse the centralization of power as it presently exists in Washington and return responsibilities of governing, as well as revenue resources, to State and local governments. I believe Congress is willing to restore balance to our Federal system as well.

Your role in ACIR and on the President's Federalism Advisory Committee, Senator Durenberger, as well as your interest in holding these oversight hearings, illustrates your personal commitment to improved intergovernmental relations.

In March of this year, the ACIR staff prepared an 87-page document in response to 32 questions you asked to provide a base for this oversight hearing. Your questions covered the Commission's membership and appointments process, the setting of our research agenda, studies completed in recent years, how we undertake to implement our recommendations, which recommendations have been accepted and which have not, the ACIR budget, and a number of other subjects.

Your subcommittee staff then sought comments on ACIR's record from a large number of respected authorities in intergovernmental relations. Their comments, I understand, have helped you in framing the questions that will be asked at this hearing and may become part of the record.

My prepared testimony, however, will not deal with ACIR's past work and accomplishments. The Commission staff will follow me and answer your supplementary questions on that.

My testimony will respond to the set of questions you have asked pertaining generally to whether my dual status as a Cabinet Secretary and Chairman of ACIR in any way imperils ACIR's independence, objectivity, operational freedom, or effectiveness. As you know, Senator Durenberger, those of us who "wear two hats" can engender these types of questions. But, in the same objective manner in which you can conduct oversight hearings of a commission on which you sit, I believe I can respond objectively to your questions on the continued independence of ACIR.

The questions you have asked arise because I am the first Cabinet Member to be appointed as ACIR's Chairman. Past Chairmen have all been private citizen members, except for 8 months of ACIR's 21 years of operation when Governor Farris Bryant, in his capacity as Director of the Office of Emergency Planning, served as ACIR's Chairman. Three of the four past Chairmen—Mr. Bane, Governor Bryant, and Mr. Merriam—had held high level Federal executive branch positions at some time in their careers, but none had been in the Cabinet.

As is inevitable in public life, ACIR's past Chairmen sometimes faced situations where the Commission's recommendations and their duty to represent the Commission were in conflict with their personal opinions, associations, and interest. The fact that I will face such conflicts is not unique. Your responsibilities to your Minnesota constituents and to the ACIR probably will involve conflicts as well.

Rather than focusing on potential problems, I believe we should examine the positive aspects of our recent appointments to the Commission. My appointment as Chairman and other actions President Reagan has taken are well conceived to enhance the status and effectiveness of ACIR. You and I attended our first ACIR meeting last April and our second meeting early this month. I think you'll agree that these were dynamic, exciting sessions. Federal executive branch and congressional participation is critical to ACIR's effectiveness. I look forward to much greater congressional participation in the months ahead.

President Reagan's transition team also featured recommendations to strengthen the Federal Government's participation. They concluded that ACIR is an important vehicle for the improvement of intergovernmental relations, and they recommended that the President could best insure the Commission's success by appointing a Chairman of national stature and by insuring that the three Federal executive branch members play an active role in ACIR's deliberations. President Reagan has directly followed these recommendations. Parenthetically, the President, during his service as Governor of California, served on ACIR. He understands its purpose and values.

To save subcommittee time, I have written answers to each of the specific questions and will submit these for the record.[1] If you have additional questions, I will be glad to respond to them.

Senator DURENBERGER. Thank you very much, Mr. Secretary.

Wayne, I haven't read your statement. Would it be appropriate to go into your statement at this point? I do have a few questions to ask Jim.

Mr. ANDERSON. Mr. Chairman, my statement would only cover three very small technical amendments to the ACIR law that the Commission is recommending. I think they would be rightfully subordinated. They are very unimportant amendments.

Senator DURENBERGER. All right.

There may be some disagreement with that, but I hear what you are saying. The Secretary indicated earlier that he was surprised that anybody would have a 9:30 rather than a 10 meeting. I'm sure he has plenty of other things to do, also. So, let me ask you a few questions, Jim. I will paraphrase them, in part, in response to your opening statement.

I think those who are here may wonder why your opening statement seems to be relatively narrow in scope. We tried to point out in the opening statement—and I think you indicated in your closing—that there is a lot more information, provided in your capacity as Chairman of ACIR which will be made part of the record, other than the focus which you chose. Let me deal with that as briefly as I can. Philosophically, I am never troubled by two, three or four hats, as long as I can control the hats. As long as they're on my head, and I have some control over them, I never see the potential conflicts which may exist.

Our problem—since we are a Cabinet Secretary and a U.S. Senator, respectively—is that there are perceptions by others which don't necessarily coincide with our own.

As you know, before the new appointments were made to the ACIR, I took it upon myself to inform the President of the importance that his Cabinet appointees be at the meetings and participate in this process. I told him by letter that it was absolutely essential to guarantee the kind of dynamics and excitement of which you spoke, and that everyone involved in the process see the commitment of the President and his Cabinet members.

I applaud the President and his Cabinet for the support they are giving to ACIR.

Second, the significance of what we are talking about comes about because this President has clearly made known to th country his two most important domestic concerns—turning the economy around, and redefining federalism and the relationships of the three levels of government in our Federal system. Knowing that this is a key Presidential objective puts even more importance on your commitment, his commitment and our commitment to ACIR.

A third factor, which occurred to me while you were making your presentation, is that, if there are questions about dual roles directed at you, those questions would come to any Cabinet Secretary who is assigned this role by the President. A few Cabinet Secretaries—one of whom is the Secretary of the Interior—raise special concern

[1] See p. 153.

because you come to office at a time when the redefinition of federalism includes a redefinition of the Federal role in meeting the needs of society through stewardship of the Nation's natural resources. You have not been at all hesitant to speak out, in a philosophical sense, about the appropriateness of redefining some of those roles. As a result there has been a predictable reaction, as there would be any time anyone in a leadership position challenges the status quo and suggests that the public institutions get involved in the process of redefining our governmental role and meeting the needs of society.

If I could name a couple of Cabinet Secretaries who would not have raised the issue of dual hats, you certainly aren't one of them. But you also are not the only one. I'm sure if Sam Pierce, for example, in his role—or the Secretary of Education in his particular role—had been assigned this responsibility, we would be talking about some of the same kinds of issues. The bottom line really gets to be what role ACIR is going to play in the whole business of intergovernmental relations and the redefinition of federalism.

Let me ask you several questions which relate to your particular perception of ACIR. You and I both know that there are other organizational responses to this need to redefine federalism. Would you briefly tell us where you see ACIR fitting in that whole process? Give me, also, some idea of whether or not you see ACIR as somewhat of an independent agency or a part of the executive branch of Government.

Mr. WATT. Yes, Mr. Chairman. I think the President has given the high attention to this subject matter that you have outlined. He has done so by doing two or three things: He has created a task force for federalism, chaired by Senator Laxalt. I serve on that, as does Sam Pierce, Rich Williamson, and several other Cabinet members, as well as Ed Meese and Jim Baker.

In addition to that, there is the Advisory Committee on which you serve. The President appointed you to that, as well as Governors and other State and local officials.

So I serve on three different groups, all of which have missions related to defining this new federalism. I suspect that one of the reasons the President asked me to chair the one group and serve on the other two is that, in his experience as the Governor of the State of California, he learned of the vital role of the Department of the Interior in intergovernmental relationships in the West. The Department of the Interior has responsibility for managing one-third of the surface land in America. In our Western States, where the dominant Federal ownership is, the relationship of the National Government with the State governments has beeen so offensive and so hostile that we had what we called the "Sagebrush Rebellion."

Almost without exception, every Governor of the West was hostile toward Washington, D.C., and, frankly, that hostility had a big impact on the voting in this last election from our Western States.

So one of the charges I was given by the President as Secretary of the Interior was to calm that Sagebrush Rebellion, become a good neighbor, and redefine and reestablish our relationships. Frankly, Senator, I dedicated the first 6 months of my service to that mission because we could not afford, as a government and, candidly, as a political party, to allow that tremendous hostility to burn itself out on the Reagan administration.

So I had to address it. I paid a dear price for it, because my critics from the paid staffs of special interest groups here in Washington ran wild over me while my attention was diverted to a rebellion of 17 Western States.

I'm pleased to report to you that I'm alive and well and able to report to you. [Laughter.]

I met with the Western Governors in February and said, "Let me report to you in 6 months about the progress that we have made." I did report to them in September, and of the 12 Governors participating in the Western Governors' Conference, I had 100-percent support for the changes we have brought in resource management. That is significant, because the resource management issues need not be Republican/Democrat issues, and we have not addressed them that way.

I point out that eight of the Governors are Democrats and they endorsed us enthusiastically because we have redefined our relationships with State governments. I think it has been a healthy suggestion on the President's part that we focus our attention on improving those relationships.

Now I can turn my attention to problems in Minnesota and other States that I have not addressed. But it is that Federal relationship that deserves attention. ACIR has a role to play in contributing scholarship to the problems of the day.

Your question, or part of your question, also related to the independence of ACIR. We looked at ACIR and tried to determine how that group could assist the President in accomplishing his objectives. Candidly, we don't know that we have an answer, but we quickly realized that it was wisely structured by Congress to be an independent, bipartisan group that could not be used by any President, even if he wanted to.

When you look at some of the very partisan personalities that serve on ACIR, you will see that President Reagan could not appoint a chairman who would be strong enough to corral any of the people.

You look at Mayor Hatcher, vice chairman of the Democratic National Committee, and Eugene Eidenberg, executive director of the Democratic National Committee. They are not going to be tools of Ronald Reagan in any stretch of the imagination. They have certainly voiced their independence at the meetings I have attended.

Had we designed or desired to capture ACIR for partisan purposes or to make them a part of the Reagan administration, we would have been unsuccessful. I think Congress wisely designed it so that any administration would be unsuccessful if it tried to do so.

Because of that, I think the President was probably motivated to create the other two groups that I have referred to. Those groups—even though there are partisan people named to them, Democrats and Republicans—are more in tune with the President's philosophy on many issues and will respond directly to him.

So, I think the President has gone two ways: One which would allow two groups to respond directly to him and one which allows the integrity of the ACIR to continue as a creation of Congress and maintain that relationship with Congress. He has not tried to do away with ACIR. By creating these others, there was concern by Wayne and others that, "Gee whiz, why is he creating these other entities when he already has ACIR?"

I think the answer is the President never felt he had ACIR. It is an independent group that has a role to play. I have rambled on, but I think I have covered most of the points in your question. If not, you will have to ask me again.

Senator DURENBERGER. Yes; I think you did cover a number of points and, at least in my mind, clarified the assessment process the President and the administration went through in evaluating the role that ACIR would play when the President sought its advice.

I need to ask you one question that is clearly not meant to be argumentative in any way. Having pointed out—and I notice from having participated in the meetings—having pointed out that people like Mayor Hatcher, Gene Eidenberg and Gene Cutler—you could go down the list—were appointed to ACIR, some of them in the waning moments of the last administration, one could reach the conclusion that ACIR has been politicized. Because you had first been assigned the role—as you articulated in your response—of controlling the Sagebrush Rebellion, you were the best person to offset the Eidenbergs, the Cutlers, the Hatchers, et cetera. ACIR is going to be sort of a political offset here over the next year of two while the real business of redefining federalism—the real place where the interaction between mayors, county commissioners, legislators, and Governors—is going to take place in one of these other committees.

How do you respond to that?

Mr. WATT. I think that is a fair question. I hope the answer is that it is not, but it will really depend on congressional participation. If we don't have the participation of Members of Congress and the other members at ACIR meetings, then I think the action will be taken over by the other groups, because the President is determined to be successful.

He has the vehicle to be successful. Now, Wayne tells me that this October meeting was probably the best attended meeting——

Mr. ANDERSON. Yes.

Mr. WATT [continuing]. In the history of ACIR, which is both flattering and discouraging. It is flattering that they recognize, "Hey, the personalities are here to make things happen," but I think the message that the President would want me to leave is that he is going to be successful in his efforts with one tool or another, and I hope that ACIR is the leader.

We think that it has the talent. It certainly has the staff, and if we get the cooperation of all of the members from county and State and Federal governments, we will be successful.

If Members of Congress can't bother to attend, then others will not bother to attend. It will become just another ineffective group. There are plenty of those, and we would probably cut and run.

Senator DURENBERGER. In part, that is throwing the ball back in my court. We are just—you in the executive branch and we in the legislative branch—we are just part of this whole process.

Mr. WATT. Yes; I shouldn't say just Congress; it is State and local governments, too.

Senator DURENBERGER. If the premise of my question is correct, I don't doubt we are going to have very good attendance at these meetings. Most are politicians. Most will recognize the opportunity to come in with prepared statements, jump into the conflagration,

and have people in the back taking notes about who took on Jim Watt at today's meeting, or whatever it may be.

I hope by asking these kinds of questions in this way that I convey to you, and probably to a lot of other people, my concern about the ongoing value of ACIR.

Frankly, when I sort of shifted my position somewhat on energy-related tax studies and so forth, I did it because I looked over the present membership of ACIR and there were some questions in my mind about the degree to which people would understand what I was saying. I expressed my strong concerns about it because a lot of people may not put it in the kind of intergovernmental relations perspective that I wanted it in. We might just have politicians coming in with whichever rebellion is in the news this week.

All of this is to get around to questions that relates specifically to how you see your role as chairman.

Is it a moderator role that you exercise once every 3 months? What is the degree of your ongoing supervision of the staff, if any? What is your ongoing relationship with members of the Commission in the interim between the meetings? How do you, in your mind, distinguish positions that you have to take in this room or some other room on something like payments in lieu of taxes versus whatever position ACIR might take?

If you would deal with these questions briefly, I would appreciate it.

Mr. WATT. I don't have a complete answer on that series of questions. In the first two meetings that I chaired, I was trying to size up the membership to determine what leadership role I would be allowed to exercise. I think that it's going to turn out to be more of a moderator than a strong leader with the pack following because of the personalities that are involved.

They are not going to be too quick to just follow. So, any visions that I might have had—and I don't think I ever had any—that we could get ACIR to be a rubberstamp on my philosophy, were quickly dissipated when I saw the strength of the personalities there.

That is a good sign, because I think with diversity comes strength. I don't mind seeing conflicts of ideas. As long as the conflicts are laid out, the public benefits. It is when you bury the conflicts that you have problems.

So I see my role not as a domineering leader of the ACIR. It would be a futile effort if I tried to dominate.

With regard to how we might structure some of the activities and the programs, candidly, I have not had as much time to focus on that as I had intended or as I will have in the months ahead.

As I have indicated, I have poured the first 7, 8 months of this year just into the Department of the Interior. In fact, I didn't even leave Washington for 7 months, because I felt compelled to get ahold of the Department. I now feel confident that I can direct attention elsewhere, and I hope to get acquainted with the ACIR staff. I think with the progress realized at the October meeting, we have made some new definitions of the role of the staff, and I will be working with Wayne and others and playing a more active part in ACIR work.

We have developed a good working relationship with the vice chairman, Governor Alexander of Tennessee. Lemar has taken a special interest in ACIR, and we have agreed that with regard to

programmatic and staffing decisions that are the prerogative of the chairman, the decisions will be jointly made on a cochairman-type basis, simply because, if you believe in the federal system, the National and State governments ought to work together.

Lemar and I will work jointly; it is not going to be just a Washington-dominated leadership in those few areas that are within the province of the chairman.

I find Lemar Alexander to be an extremely interested, active person in this whole subject matter. I might add just for the record that, while he is a Republican, he is at serious odds with the administration on some revenue sharing responsibility issues that candidly cause us in the executive branch some concern.

But it shows the President's willingness to bring in for a job like this somebody who is at odds with the administration on particular issues. I think, again, that is healthy and that it allows the conflicts to be clearly understood. It is not a stacked deck that would make it appear like ACIR were a tool of the administration.

Candidly, I have not focused on the day-to-day operations at all. We have respected Wayne and his ability to deliver. The reputation of the group has been very good, and I have focused my attention to my own trouble spots.

I haven't heard any real complaints about ACIR that have focused my attention. I think, after the October meeting, that Wayne and I will want to make some decisions which will require some conversations and then consultation with you and other members.

Senator DURENBERGER. At this point—and I think you have been very straightforward with us about the amount of attention you have been able to give to your particular role—looking at issues where you and/or the administration may differ from ACIR and you are called on as chairman to be a spokesman for ACIR, how do you contemplate handling those kinds of differences of opinion?

Mr. WATT. I have had a learning experience on that just recently. Congressman Fountain, the father of ACIR, had House hearings similar to these, and several members of that committee did not allow me to be the ACIR spokesman. They took me through all the Interior issues, all the Sierra Club questions that had been handed to them. I wasn't able to be just an ACIR member. If you were to review that hearing, historically, it would have been a hearing that lasted 30 to 40 minutes. It lasted for 3½ to 4 hours because they had a Cabinet officer there who was the subject of some controversy, and they wanted to explore every dimension of that controversy.

As a consequence, it would probably be more productive, if you really want to present the ACIR view and there is a difference, to let another member of the ACIR be the spokesman. On the payments in lieu of taxes issue, Wayne has testified before the Senate, or you are going to?

Mr. ANDERSON. I was before the House and Commissioner Orr will be before the Senate.

Mr. WATT. It is the other way around. County Commissioner Roy Orr, of Texas, will testify before the Senate and Wayne did the House.

I think that my loyalty will be deeper to the President and his positions than they would be to ACIR, so I will just need to step

back. What I learned at the last hearing is that I just need to step back and not allow Members of Congress to take me on with regard to my Interior and political roles as distinguished from the ACIR role.

Senator DURENBERGER. Does that, then, put you in a more difficult position as the Chair of ACIR than it may put other people? Clearly, you have to deal with the perception that whatever pressure as Chairman you may have on staff may alter the agenda of a meeting—may alter, to a degree, some tradition on issues. It may alter the nature of the positions of people who are hired on to the staff.

I think these perceptions can clearly be created, because when one is put into the Chair—the title of Chair—it also puts in that position a certain sense of responsibility. From a staff standpoint, they have to have someone to look to for guidance and leadership. How do you intend to deal with these perceptions that have been created, and will be created more in the future, by these conflicts?

Mr. WATT. These perceptions are real and do need to be dealt with. I have tried to evaluate that, and it is my conclusion that there are some real down-sides, as I have outlined here to this subcommittee, in having a Cabinet officer as Chairman, but the pluses are much greater. Now, when ACIR takes a position, the staff and the Commission members, as well as the public, know that there is somebody who is going to get the President's attention. There is much more likelihood that something will actually be done with a thought, a recommendation or an idea than if a private citizen chairs the ACIR who doesn't really know how to get a message to the President and into the executive branch for implementation.

We found in other areas—and I would assume it would be true in ACIR—that the simple realization that I am a Cabinet member, that I chair one of the five Cabinet Councils, has brought to ACIR a prestige and an ability to exercise power that other Chairmen or leaders would not have brought; it is a multiplying of leadership. In most instances there will not be conflict. Cabinet participation provides significant leverage to ACIR.

In areas where there are conflicts, they need to be dealt with openly and candidly. I need to consult with the appropriate Commission members to see that I don't cheapen or degrade or misrepresent the ACIR position, and I will have to judge each issue on an ad hoc basis.

You may have to call and say, "Hey, Jim, you better back off and take a walk while we consider this issue or not speak on that issue," and I think I need to honor your hints or recommendations or dictates.

Senator DURENBERGER. There is another way that the administration and the Congress can affect the value of the work of ACIR. That is through the amount of money that is appropriated for its work.

Earlier this year, I and others had to go to bat for the budget, to get a major cut restored.

Could you clarify the current status of your budget proposal and then relate that to the President's request that 12 percent be cut out of all budgets?

Mr. WATT. I will need to get help on this, but your perception is correct, those issues do relate. The first debate that the Reagan administration had about ACIR was whether or not to continue it.

We cut the funding of a lot of groups and just did away with them. ACIR was a subject for axing, and candidly, because of President Reagan's and Ed Meese's experiences with ACIR—and Ed attended those meetings as I recall——

Mr. ANDERSON. Yes; he did.

Mr. WATT [continuing]. When President Reagan was Governor, ACIR was spared the ax. They had a belief that it could be a very productive entity.

Wayne, you will need to help to establish the record. The first go-around we maintained the Carter budget request, and then—or did we? I'm confused on that.

Mr. ANDERSON. In the original President's budget, we were recommended for $1,990,000 which was some 8½ percent more than we had in fiscal 1981. The House recommended the fiscal 1981 amount, which was $1,822,000.

Then we were threatened with a deep cut in the Senate. Chairman Watt immediately came to our defense with letters to a great many people. OMB Director Stockman did the same and defended the full original executive branch amount.

The Senate, ultimately, approved the same amount as the House, the same amount we had in fiscal 1981, so then we come to the second round of budget cuts, the 12-percent cut where nothing is certain yet, but it is our understanding that we will be in parity with all the rest of the domestic agencies at or near a 12-percent cut which is below the $1,822,000.

Senator DURENBERGER. How do you react to that as Director?

Mr. ANDERSON. First, we believe we are in a period of unprecedented change in federalism. We believe that our effectiveness is potentially at its greatest. We, therefore, lament any loss of resources.

We can get through this year, though, with the loss of our fellows program, and we won't even lose that until the end of the year; and two or three positions. Each one of those hurts deeply, but we must grant that it is in keeping with what is happening on the domestic side of the Federal Government.

Senator DURENBERGER. All right.

Secretary Watt, one question relative to the membership of the Commission. Following you there will be witnesses recommending that the membership on the Commission be expanded to reflect other parts of our Federal System. What is your position on expanding the membership on ACIR to include townships and/or school boards?

Mr. WATT. The ACIR traditionally has taken a position that there is really no need to expand the membership for either school boards or townships.

It could be that townships are a growing force in our intergovernmental system and that ACIR needs to reconsider that, but to date, ACIR has not supported that move, and I have not been convinced that it's a good idea to enlarge the membership.

I don't have a hard-line position, but ACIR has traditionally been opposed to it, and I have been convinced that ACIR isn't wrong, I guess. That's kind of a willy-nilly answer; isn't it? [Laughter.]

[Subsequent to the hearing the following letter was received from Mr. Watt:]

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS,
Washington, D.C., November 25, 1981.

Hon. DAVID DURENBERGER,
Chairman, Subcommittee on Intergovernmental Relations, U.S. Senate, Washington, D.C.

DEAR SENATOR DURENBERGER: In response to a question posed during your subcommittee's October 21, 1981, oversight hearing on the Advisory Commission on Intergovernmental Relations, I said I did not favor representation on ACIR for towns and townships.

Prior to your question, I hadn't given the matter much thought. After an extensive review of the issue, I must conclude that township officials should be included in ACIR's membership, and I would personally support legislation to accomplish that.

Following the hearing, I did some homework and found that there are over 13,000 towns and townships in this country representing *60 million* Americans. Many of those towns provide local services comparable to services provided by county governments, and all are qualified recipients of revenue sharing. Townships appear to be a growing force in our intergovernmental system, and I am willing to submit this issue to the Commission for reconsideration.

Although it has been the past policy of ACIR to oppose township representation on the Commission, I feel that the time has come to recognize the town system of government as a vital part of our federal system.

I would appreciate an amendment to the hearing record to reflect my personal support of representation on ACIR for towns and townships.

Sincerely,

JIM WATT, *Chairman.*

Senator DURENBERGER. What has the traditional rationale been on those positions?

Mr. WATT. Wayne, do you want to answer that one?

Mr. ANDERSON. Mr. Chairman, this is a subject which has been gone over by the Commission a great many times, because there are bills each year in the Congress to add school board representatives and township representatives.

The traditional rationale, essentially, is that Congress had certain criteria in mind, certain principles when it formed the Commission, and they have been found again and again to be very sound.

Those principles or criteria are: First, a certain balance among the Federal, State, and local Government contingents, 9, 7, 7. A certain bipartisan balance. You have to be concerned when you would change the Commission about what you do to the number of Democrats and Republicans.

Next, accent on elected officials or political policy officials in the membership; and then coming more to the school board and township points, representation of general governments only, no special purpose or single purpose governmental units being represented; and finally, representation of only those types of general governments that are virtually universal in our Nation, found in virtually every State.

Counties, we realize, are not found in Connecticut and Rhode Island, but that is virtually universal. Therefore, when you come to school boards, and I could state the case for school boards, which is essentially that they are a very important and a very large function of State-local government, but the case against representing school districts on ACIR has been essentially that they are not general governments.

No other single functions are represented on the Commission, and the Commission has feared that school representatives would con-

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stitute a force to unduly orient ACIR's work to the education function and interests and that they would skew work on such subjects as general revenue sharing and Federal and State aid systems, local revenue systems and so forth.

Admission of any single function, even the largest State-local function, which education is, would open the door to petitions from other single purpose units and other types of governmental specialists.

We have had a few of those petitions in the past from assessors, for example. In fact, whenever you go beyond representing general purpose governments that are universal, it is conceptually much more difficult to draw the line between the appropriately included and excluded.

There is a further new reason against representation of school boards: The Congress, in 1980, when it formed the Department of Education, equipped it with an ACIR for education known as the Intergovernmental Advisory Council on Education. The IACE's operations are embryonic and its fate is linked to the Department of Education's, but the IACE is still alive and struggling to gain full operation and characteristics like ACIR.

We have assisted them in every possible way. We have a close relationship. We really welcome their existence, because we were not able to do much in the world of education.

Coming to townships, the essential argument against representation of townships is that they are far from universal in our Nation and in many instances, are not general governments with substantial functions. Townships now exist in only 20 States, down from 21 recently, and in the nine rural township States of the Midwest, townships account for only about 1 percent of the local government expenditure and 1 percent of the local government employment in those States.

Senator DURENBERGER. We are going to change all that by redefining federalism and devolution, are we not?

Mr. ANDERSON. I doubt, Mr. Chairman, that you will ever change the structure of local government to greatly enlarge the function of townships.

Senator DURENBERGER. We may not, but it may happen at the State level. Is that your conclusion?

Mr. ANDERSON. That is the essence of it. We could provide a good deal more data and information in support of the already lengthy statement I made.

Senator DURENBERGER. Secretary Watt, let me ask you a question which was prompted by your earlier testimony. Could you define for us your particular philosophy of federalism and your particular definition of States' rights?

Mr. WATT. Well, that's a philosophical question.

Senator DURENBERGER. Don't try to apply it. [Laughter.]

Mr. WATT. My definition of States' rights and——

Senator DURENBERGER. Your philosophy of federalism and, within that, your perceptions of what has been known or come to be known as States' rights.

Mr. WATT. That's open season; isn't it?

Senator DURENBERGER. Yes, but there aren't a lot of hunters here, so go right ahead. [Laughter.]

Mr. WATT. I have a basic distrust in a centralized government and therefore, am almost always struggling to bring regulatory control—the purpose of government is to defend and regulate society—to the lowest level that is possible to get the job done.

Once it is determined what level of government can most properly do the job, then that government has a responsibility for providing the revenues to get the job done, so that you have as closely as possible, the tracking of beneficiaries to the taxing of the people. As the ACIR study said in 1980, we have centralized too much of our government and as a result the Federal Government has become too intrusive into private lives; in too many instances it is unmanageable and ineffective, costly and not accountable.

So federalism should be a system that allows accountability to the people who pay for the regulation of their activities. I am satisfied that we need a substantial redefinition of that federalism.

It's the best system we have, but we need to perfect it.

Senator DURENBERGER. Where, in that, do you give definition to States' rights?

Mr. WATT. The States' rights are the dominant interests that created the National Government, and so they should carry out most of the activities of regulating their people.

Senator DURENBERGER. Where do the States fit in the Federal system of defending and regulating society, providing revenues to get the job done, and providing accountability to citizens?

Mr. WATT. Your question, then, is which function is State and which is national?

Senator DURENBERGER. How does society, in effect, give definition to the level at which these various things take place? You have, perhaps, accurately characterized in the words of ACIR, or your own, the problems with too great a concentration in a centralized government.

Do you start with the policymakers at that level in giving redefinition to the responsibilities at other levels? Where does this process of defining federalism begin? What is the role of the various levels, including individuals, in this process?

Mr. WATT. I didn't realize this hearing was going to be fun. Here I was ready for facts and figures.

Coming from the Yorktown celebrations this week, I have a renewed commitment to America, having listened to the President, particularly, and the Lord from England who outlined liberty, and Mitterand spoke about liberty in some fascinating ways. The uniqueness of America and the miracle of America is that our Founding Fathers defined liberty and government in a totally new and great way that has allowed America, as a relatively young nation, to be one of the powers of the world.

For the first time in the history of man, the Founding Fathers outlined that the inalienable rights of man came from God, not from government. You start with the vesting of those rights from God in the individual and then individuals get together to collectively regulate society; what the individual is not responsible for, goes to the local government; and then what local governments can't do, shifts to the State or regional government, and then to a national government.

Most of our traditional thinking is from the liberal perspective that puts the National Government as the umbrella covering everything which shifts down what it doesn't want to do or what it can't do. But the Founding Fathers' perspective built from the other way, from the individual, where the rights were vested in the individual and then given to the government.

Most of our thinking is backward, and that is why you have had the centralization that ACIR criticizes so severely.

I'm really getting philosophical on you, aren't I? [Laughter.]

Senator DURENBERGER. Yes, and you have accurately laid out the philosophy. My second question deals mainly with where do you start in the process of reversing the pyramid, or whatever comparison we want to make, to get the job done?

Clearly, this year, whether it was for purposes of getting control of the economy or starting a process of reversing the pyramid, we used the budgetary process. We responded, clearly, to the needs of every American citizen to get some control over their lives in some fashion. We attacked inflation and the role which Federal spending is playing in creating wider deficits and greater inflation and thus taking away from the individual that control over their lives.

We have done an awful lot of capping, cutting, blocking, and so forth. The problem today for a lot of Americans—particularly those who write on the front pages of newspapers and for the first minutes of evening television programs—is whether or not this is a part of going back to our roots and redefining the Federal system.

Do you just choke off the money at the national level and then let the system respond? Or, are there specific policy decisions that we need to take at this level which are probably functionally oriented that are a necessary consequence of reversing this process? Are we going through just a temporary process here in which it is unfair to attribute policy to budget cutting? Or is there a policy to our current budget cutting?

Mr. WATT. I have given that subject some thought and have labored with it. I'm not sure that I have the correct answer, but my belief is that America is fortunate today to have leadership in Ronald Reagan, a man who believes in both the budget responsibility and a reversal of federalism, so that you redefine governmental roles.

From an academic or a scholar's point of view, you should design the ideal and then implement. In my years in Washington, serving under four Presidents—Reagan, Carter, Ford and Nixon—every one of those men talked about new federalism. Jimmy Carter came with the finest words. Being a Governor, he was going to restore power to the States. Lyndon Johnson came as a States' rights advocate.

They always talked about it, but it never happened. In fact, the drift was toward more centralized national control rather than a Federal system. So while "approaching it" was an active mission, I would prefer that you properly define it and then do it. That won't happen. It hasn't happened in history. You need an action-forcing event to cause those definitions and new realities to be implemented.

That is the budget process. I think it's a beautiful opportunity for us to seize the moment for restructuring federalism to benefit liberty of the individual as we address the budget issues.

Now, the enemies of these forces are going to be severe, and it's a battle that we will have to be willing to fight if we are going to protect the liberty of America. Those who want to have control in a centralized entity, Washington, D.C., will fight the budget cuts because they don't want to let control go to local and State governments; I see that in my department—not trying to deviate from my ACIR role—but I see it daily.

I testify before committees of Congress who are shaking their fist at me because I am following the law which says that the States should have primacy on different issues.

The real issue, and I'm blunt enough and am willing to confront the problems of today to say, the test before us is whether you trust people in a State government, trust Governors and legislators and people, or whether you only trust the National Government in Washington, D.C.? The rhetoric always comes out, "Oh, no; we trust our people," but the battle is against giving a Governor or a county commissioner responsibility.

The laws are not bad as we deal with environmental issues and natural resources issues which I have responsibility for in the Interior Department. The laws are excellent. The problem comes from implementation of those laws by people who don't trust local governments.

Those who don't trust local governments will use the budget to fight the Federal system. Those that don't want to take responsibility for raising the funds but like the authority will, again, fight the Federal system.

So you are going to have enemies coming against us from both directions and it is going to be a battle. Will we succeed? I don't know. I know we must, but in what timeframe?

That's why ACIR has tremendous potential to make significant contributions to the public's understanding that the budget can be the action-forcing event to bring about a new federalism that would strengthen liberty and freedom for all Americans.

Senator DURENBERGER. Time reinforces my decision that I deal with the temptation to ask more questions along this line. I do appreciate your——

Mr. WATT. This would be a more interesting conversation over a meal.

Senator DURENBERGER. I'm sure it would be.

I should conclude, in regard to your last response, with either suggesting to you—and certainly suggesting to the record—that a more appropriate characterization of those who request change is that they are not necessarily enemies of the system. They may be opponents of change in the short term. But as I see them, they are people who—20 or 30 years ago, because a combination of commitment and resources was not readily available at the State or local level—found themselves at the invitation of a lot of politicians coming to Washington to respond to these problems.

I need only take you through some things I'm sure you are aware of, not necessarily in your area—institutionalizing of individuals, special education, concern for minorities and handicapped, and so forth—

where there was a period of time in this country when the States, local governments, our economy, and individual institutions were not appropriately responsive to the guarantees which are provided in our Constitution.

That is really what started a lot of these people on their trips to Washington. I couldn't agree with you more that the word "trust" is the one that needs, somehow, to be reestablished. If they can trust those levels of government, if they can trust those private institutions, if they can see that we are acting in a way that permits them to keep more of the rewards of their individual and collective efforts, then I think this system of trust can be reestablished.

But it seems to me somewhat inappropriate to characterize, at least, all of them as enemies.

Mr. WATT. Let me respond to that. You phrased your comments well. I just need to bracket my own comments for the record.

As I started my comments, I mentioned that I had just come from the Yorktown celebrations where I heard three great national leaders from France, England and America.

They spoke about enemies of liberty, and they rang my bell, because I believe that. I don't think we ever need to compromise in realizing that there are enemies of liberty and freedom. We have shed blood in America repeatedly for preservation of those liberties and freedoms, and those three leaders didn't compromise in using the word.

I'm motivated by that inspirational celebration. People don't like to be called enemies, so I'm not calling anybody an enemy, but there are enemies. Philosophically, we have to recognize that and deal with it.

Senator DURENBERGER. Thank you very much for your testimony.

Mr. WATT. Thank you, Mr. Chairman.

Senator DURENBERGER. I have a statement from the ranking member, Senator Sasser, which we will make part of the record, and a series of questions that he would like to have directed to you in your capacity as Chairman of the ACIR for response to the record.

Mr. WATT. Good.

Senator DURENBERGER. Thank you very much for your testimony.

Mr. WATT. Thank you very much.

[Senator Sasser's opening statement, responses of Mr. Watt's to written questions submitted by Senator Sasser and interim questions and answers submitted by Mr. Watt follow:]

OPENING STATEMENT OF SENATOR SASSER

Mr. Chairman, over the past 22 years, the Advisory Commission on Intergovernmental Relations has compiled an impressive record of accomplishments in their effort to focus attention on issues of federalism. The fact that such a substantial number of the Commission's recommendations have been implemented shows the excellence of the research upon which those suggestions for improvement were based.

I am now in my second term as a member of the ACIR. Over the past several years I have been pleased to work with the Commission on legislation to put into effect several of their suggestions for "sorting out" the complexities of the intergovernmental system.

The Joint Funding Simplification Act extension, which allows the packaging of grant programs, passed the Congress and was signed into law in 1980. I have heard from David Stockman, director of the Office of Management and Budget,

that a major effort to encourage the use of this authority by the states is underway this year. This idea came from ACIR.

Versions of two other bills based on ACIR recommendations which I sponsored—The Federal Assistance Management Improvement Act, to perfect the overall management of the grants-in-aid system; and the State and Local Fiscal Note Act, to reduce instances of unanticipated cost burdens imposed throughout the intergovernmental system—are now pending floor action in the Senate.

I am a supporter of the ACIR. That is why I am hopeful that this hearing will focus on the status of the Commission in the current Administration. Federalism has come of age, so to speak, this year as a public policy issue.

As initiatives to accomplish "devolution and decongestion" in the intergovernmental system are undertaken, I want to know how much the President has relied on the suggestions of the Commission. I want to know about the relationship of the Commission to the Federalism Advisory Committee.

Most of all, I want to know about disturbing reports that the ACIR may not be as independent in its actions today as its designers intended twenty-odd years ago. I believe that independent, non-partisan research is extremely necessary in today's intergovernmental environment.

Since ACIR has inevitably been affected by the across-the-board cuts last Spring and suggested for this Fall, I think it is also very timely that we review the effects of these cuts on the Commission.

So, I am pleased that Senator Durenberger is holding these very timely oversight hearings on the work of the Advisory Commission on Intergovernmental Relations. I look forward to reviewing today's testimony and I have some questions to submit for the record.

RESPONSES OF MR. WATT TO WRITTEN QUESTIONS SUBMITTED BY SENATOR SASSER

Question 1. Was the Commission able to predict any of the pitfalls which current block grant proposals have encountered? For example, local governments and State governments are currently squabbling because no arrangement was made to continue passthrough funding for local governments when State block grants were designed. Could this have been avoided?

Answer. I believe that it is fair to say that ACIR's reports on the block grant instrument examine every issue, pitfall, and political tension that could have arisen in connection with the nine new block grants. ACIR's reports certainly give in-depth attention to the state-local relationship questions such as appropriate state roles, requirements on state financial participation and on state administrative capacity, state administration cost limits, and the use of passthroughs. Moreover, ACIR's block grant recommendations give clear guidance on the circumstances in which the block grant instrument can be most appropriately used and on how they should be designed and administered. Political differences between interest groups and State-local recipients, between generalists and specialists, and between other contestants are constant factors militating against preferred practice. However, when the nine new block grants were enacted this summer as a byproduct of the reconciliation process, there was little time for hearings or normal deliberations that might have allowed attention being paid to ACIR's advice.

Question 2. A great deal of curiosity has been generated by the appointment of a Federalism Advisory Committee and a Coordinating Task Force on Federalism to advise President Reagan. Now, at first blush, these entities seem to overlap and duplicate work already being done by the Advisory Commission on Intergovernmental Relations. I would like to know more about the role of the Commission vis-a-vis these bodies.

Answer. President Reagan established his Advisory Committee on Federalism to formulate his Administration's federalism proposals, so he selected persons of his own choosing who represent all three levels of government and the general public. About 70 percent of them are Republicans. ACIR, as an independent body that advises the legislative and executive branches of all three levels of government and that was then composed of 13 Republicans and 13 Democrats, was not the appropriate organization for formulating the Administration's program. The President's appointment of his new Advisory Committee therefore, was not a slight to ACIR and, in a sense, was a recognition of its independent, bipartisan status. The President did ensure a close connection between these two bodies by appointing 11 current and past members of ACIR to his Advisory Committee.

The President's Advisory Committee and the more recently appointed task forces of this committee are utilizing ACIR's research, and I anticipate that ACIR will be called on increasingly as these task forces, which are having their first meetings in October and November, move ahead.

Question 3. For the first time in its history, the ACIR has a cabinet official as its chairman. Now, the Commission was envisioned as an independent agency, not as an arm of the White House. I want Chairman Jim Watt to tell me just how he is able to juggle these two commitments. As a person who sits in President Reagan's cabinet, how does he keep his Commission chairmanship separate and independent? For example, did the White House clear the testimony he is presenting here today? And just why did the President break with a 20 year tradition and appoint a cabinet Secretary rather than a private citizen to head the ACIR?

Answer. First allow me to offer a minor correction to the facts as you have stated them. While ACIR's chairman has almost always been a private citizen, there was one prior exception. Governor Farris Bryant, while he was serving as Director of the Office of Emergency Planning, was appointed by Lyndon Johnson on February 20, 1967 to serve as ACIR's chairman. He served in that capacity until he left the federal service on October 9, 1967, and President Johnson then appointed him as a public member and chairman. You are, however, correct in your statement that I am the first Cabinet Member to serve as ACIR's chairman. Beyond that, I do not believe that there is anything further I can offer in answer to your question that I did not say earlier in response to Senator Durenberger's questions. My answers asserted that this Administration understands and upholds ACIR's independent status. I acknowledged that my Cabinet and ACIR responsibilities will occasionally be in conflict, that previous chairmen have experienced similar conflicts, and that I will, as they did, step aside on those situations and call on the Vice Chairman or other members to represent the Commission. To your specific question on whether the White House cleared the testimony that I presented today, the answer is no.

Question 4. Again, on the questions of independence, the professionalism of the staff of the ACIR seems to me to be a key to the excellence of its work. I am curious to know how hiring is handled at ACIR. Does the chairman play any role in choosing staff? Again, with a cabinet officer as chairman, how does the Commission avoid a White House clearance process for ACIR staff?

Answer. The essential answer is that ACIR's staff, under the Executive Director's supervision, takes all of the normal steps to select personnel. Under my instructions pertaining to professional appointments only, the Executive Director then submits for my review his recommendation and the resume of the person he recommends for appointment. To date, I have approved all three of the appointments the Executive Director has recommended but, in the event that I should ever find reason to disapprove his recommendation, I would set in motion with him some course of action to come up with a new selection. ACIR's staff is quite small and their professional turnover rate is moderate, so the number of appointments to be made is small. The arrangements I have described carry out Section 6(d) of ACIR's law which places in the Chairman the power to appoint, fix the compensation of, and remove such personnel as he deems necessary, except for the Executive Director. The White House does not clear any staff personnel actions for ACIR, which it recognizes as an independent body that is not part of the Executive Branch.

Question 5. It is interesting that the staff of the ACIR is nearly the same size now as it was when the Commission began. Yet the research has expanded. How has this been accomplished? Can you tell me something about the Commission's use of consultants to conduct their research? How many projects, on average, are researched by consultants and how many are done "in-house?" How is the permanent staff used? That is, primarily for administrative duties or for research and analysis? How much of the staff concentrates on so-called "implementation" duties, that is, working on legislative initiatives or media relations?

Answer. It is true that the size of ACIR's staff has been quite stable in the past decade and, indeed, did not grow much in the decade before that. Productivity of a research and technical assistance organization is not subject to close measurement, but we believe, as you apparently do, that our research productivity has been high and gradually increasing. Consultants are not the explanation because ACIR does not engage consultants to conduct research or for any other substantial assignments. We do employ staff members on personal service contracts to work under our direction when funds are available, but such contract

personnel have not been a major determinant of our productivity trend either. ACIR's research products, with only occasional exceptions, have been produced by its permanent staff.

There are four main explanations of ACIR's productivity: First, Congress set up ACIR with well conceived characteristics that augur well for fulfillment of our mission and productivity. Secondly, ACIR from the beginning has operated under the philosophy of staying lean, selecting its personnel carefully, and easing out staff members whose production is not creditable. Third and currently most important, ACIR's staff includes a high number of productive professional staff members with long experience in intergovernmental relations. The Executive Director is in his eighth year at ACIR. The three Assistant Directors represent 45 years of service to ACIR, and we typically have seven or eight analysts each with 10 years or more experience at ACIR or in directly comparable work. Finally, word processing equipment has definitely contributed to the productivity of our staff, and a number of steps were taken to shift resources from Administration to Research and Implementation.

With ACIR being a small organization, our assignments are not watertight. However, the current breakdown is five staff members for Administration, five for publication production and support services, 20 for research, and six for policy implementation. Policy Implementation, in addition to legislative work, includes the production of ACIR's magazine and other information reports, and a variety of technical assistance activities. The Policy Implementation Section has also undertaken a number of contract assignments for OMB and HUD in such fields as federal grant administration, state-local financial management and state assistance to distressed communities. The Executive Director and research personnel also all devote time to implementation activities, so it is our rough estimate that 35 percent of ACIR's hours are devoted to disseminating and urging acceptance of the Commission's positions, and assisting governments all over the country on matters where we have expertise.

Question 6. Recently, the majority of the members of the Advisory Commission on Intergovernmental Relations voted to table a resolution calling for no cuts in General Revenue Sharing. This disturbs me greatly. Cities and counties in my State of Tennessee and across the nation are struggling valiantly to provide essential services in the wake of substantial reductions in Federal aid. They are now being faced with further reductions along with a proposed 12½ percent reduction in General Revenue Sharing for 1982. And Treasury Secretary Regan recently indicated that there may be further reductions in General Revenue Sharing in 1983 and beyond.

Would you please explain why the Commission has failed to reaffirm its support for General Revenue Sharing at this particularly crucial time for the program? As an early proponent of revenue sharing, I would think that the ACIR would be in the forefront of support for the program.

Answer. As you indicate, ACIR, in its 1967 *Fiscal Balance* report, called for a general revenue sharing component in the federal aid system, and its support for the GRS program has been continuous. In 1979 when the program was last up for reenactment, the Commission adopted a motion urging renewal of the program and for maintenance of its purchasing power. With reference to the Commission's action at its recent October 5, 1981 meeting, Mayor Joseph Riley moved that ACIR reaffirm its support for the General Revenue Sharing Program and recommended that it not be cut in the fiscal year 1982 budget. A motion to table Mayor Riley's motion was adopted by a vote of 11 to 7. It was noted that this tabling action leaves in place ACIR's previous position favoring GRS. Individual Commission members very likely had a variety of reasons for voting as they did on the motion to table, but I interpret the Commission's action as continuation of support for the GRS program but acceptance of the fact that the current economic needs of the nation require going along with the President's 12 percent cut that would apply to GRS in the same way it would apply to almost all domestic programs. ACIR, in effect, accepted that a one-year cut in a program it strongly supports is necessary because of a higher national need.

INTERIM QUESTIONS AND ANSWERS SUBMITTED BY MR. WATT

Question. How does the Administration perceive the status of ACIR in terms of "independence," relationship to the Executive Branch, relationship to the Congress, etc.?

Answer. The Administration and I understand that the Congress constituted ACIR so that it would represent all three levels of government and both of the major political parties. The bipartisan nature of the Commission has been carefully maintained. As you know, Mayor Richard Hatcher, Vice Chairman of the Democratic National Committee, and Eugene Eidenberg, Executive Director of the Democratic National Committee, are both ACIR commissioners. Congress intended that the members from each of the seven membership categories would participate vigorously in developing recommendations for improving intergovernmental relations, but that no member or category would control ACIR's actions or restrict representation of its policy positions. ACIR has developed a reputation for objectivity and balance among public officials, and it is the responsibility of each Commission member to protect that reputation. ACIR's reputation is the passkey to its being invited to assist all levels and branches of government.

Question. Recognizing the possibility of conflict between the recommendations of an independent commission and the policies of an Administration, how does the Administration perceive the role of a Cabinet Secretary as the Chairman of an independent commission and of the ACIR specifically?

Answer. As I said earlier, those of us who "wear two hats" will occasionally face such conflicts. This is not unique to my dual role as a Cabinet Officer and Chairman of ACIR. As past Chairmen have done, I will fulfill the Chairman's role in representing ACIR's positions to the extent that my Cabinet responsibilities and personal beliefs allow. When I cannot, Vice Chairman Lamar Alexander and other Commissioners have assured me of their availability and willingness to testify before the Congress and to speak on ACIR's positions. Incidentally, differences and dissents commonly mark ACIR's deliberations. The Commission accepts and openly publicizes such dissents, believing that this helps inform the public policy process and is a manifestation of strength on our part. We are not disturbed by public knowledge that the Chairman or particular members disagree with certain recommendations adopted by the majority.

Question. If Administration policy and ACIR recommendations do conflict, who speaks on behalf of ACIR and what is the role of Secretary Watt in speaking on behalf of the Administration?

Answer. My answer to the previous question largely answers this one. Where Administration policies or other considerations preclude my speaking on behalf of ACIR, I will request the Vice Chairman or other Commission members to fulfill that duty. I fully accept that ACIR deserves wholehearted representation of its recommendations and general positions.

Question. When speaking on behalf of the ACIR either in testimony or in writing, are the Chairman's comments subject to clearance by other policymakers within the Administration?

Answer. No.

Question. Are the public statements or written comments of ACIR staff members subject to clearance by the Secretary and/or other policymakers in the Administration? What has been the policy in this area in the past? Does the current policy reflect any changes from previous policy in this area?

Answer. As Chairman of the ACIR, I am reviewing staff statements. Just as I expect my staff at the Department of the Interior, and you expect your staff in the Senate, to be responsive, the Commission members expect the ACIR Commission to be. I cannot speak to past Commission practices.

Question. In the absence of the Chairman, what is the role of the Vice Chairman or other members of the Commission in making administrative decisions affecting the activities of the ACIR staff?

Answer. I don't expect to be absent. However, I have confidence in Vice Chairman Alexander, and he will preside at meetings if I am unable to attend.

Question. Does the Chairman regularly rely on staff at the Department of Interior or other Executive Branch personnel to serve in an intermediary role with the Executive Director and other staff of ACIR?

Answer. Yes, I have designated a high level person from my Interior staff to be responsible for day-to-day liaison with ACIR's Executive Director and other staff members. However, it is my intention to provide prompt decisions required for ACIR's operations.

Question. What role is the Chairman taking in the personnel decisions of ACIR below the level of Executive Director? How does this role compare to the past involvement of the Chairman in these decisions?

Answer. Section 6(d) of P.L. 86–380, which established ACIR, reads as follows: "Subject to such rules and regulations as may be adopted by the Commission, the Chairman, without regard to the civil service laws and the Classification Act of 1949, and without reference to political affiliation, shall have the power—(1) to appoint, fix the compensation of, and remove such other personnel as he deems necessary . . . ." I will discharge those statutory responsibilities of the Chairman.

Question. How does the Chairman perceive his role in setting the agenda for the quarterly meetings of the Commission? Are there general priorities in regard to the agenda-making process that link the policies of the Administration to the activities of the ACIR?

Answer. The Commission authorizes all research topics, and the reports and related recommendations are placed on the Commission's agenda as soon as the staff can complete the research. The Commission has always placed on the agenda any request from the President, the Congress, a federal agency, or state and local governments pertaining to its work program or other matters requiring a decision from the Commission. In the future, there will, indeed, be close linkage between the Administration's initiatives and ACIR's agenda. This is guaranteed by the fact that the Commission passed a motion made by Governor Snelling last January directing the staff to accord the highest priority to assisting the Administration, Congress, and state and local governments in actions to decongest federalism.

On October 5, the Commission devoted a considerable portion of its meeting to a review of the current research agenda. I believe we have an opportunity to redirect some of ACIR research capabilities to new topics critical to this Congress and this Administration. The Commission will be working closely with the ACIR staff to make this effort successful.

Question. President Reagan has focused new attention on the issues of intergovernmental relations in his Economic Recovery Plan, by appointment of Secretary Watt to chair ACIR, and by the creation of a Federalism Advisory Committee. What role is planned for the ACIR in authoring, sponsoring, staffing and considering the new federalism initiatives of this Administration?

Answer. ACIR can play a significant role in improving intergovernmental relations. The President's Federalism Advisory Committee will be working with the Institute on Federalism at Temple University and the Institute for Contemporary Studies in San Francisco, as well as the ACIR, to help restore the true federal system called for in the Constitution.

I am pleased that President Reagan has placed such a high priority on achieving this goal and proud that he has asked me to serve both on the Federalism Advisory Committee and on ACIR. It is clear to me that today's political climate and President Reagan's approach to federalism will make the coming years a time of unprecedented and positive change in intergovernmental relations. ACIR has much to offer in designing that change, and I believe that the Commission is on the threshold of a higher level of effectiveness than past times have allowed.

I welcome any additional questions you may have to clarify my positions.

Senator DURENBERGER. Wayne, do you want to describe the so-called technical or minor amendments?

Mr. ANDERSON. I can do that in about 3 minutes, Mr. Chairman, if time is allowed. It is the only respect in which I would be supplementing the Chairman's statements and our written submissions.

From 1978 to 1980, a special committee of Commission members comprehensively reviewed ACIR's records and needs. In the process, they discussed a number of possible amendments to our law. They essentially concluded that the law was well-conceived and continues to be sound.

In the end, the deliberations of the special committee, and later the full Commission, resulted in just three minor technical amendments being proposed:

First, the provisions on nominating Governors and State legislators for membership on ACIR should be amended to name the National Governors' Association and the National Conference of State Legis-

latures as the nominating bodies. This amendment would recognize that the organization formerly known as the Governors' Conference is now known as the National Governors' Association, and that the National Conference of State Legislatures was bequeathed the nominating power by the Council of State Governments.

The second minor amendment is: Whereas the present law provides that a quorum shall be 13 members, the Commission recommends that the law be amended to provide that a majority of the members serving at the time of any meeting should constitute a quorum for that meeting. Given the fact that we have frequently had from two to as many as seven vacancies in the past—it isn't true at the moment—this amendment would lower the quorum requirement by one to three members and significantly relieve the difficulty of securing a quorum—also not an occurring problem now.

Third, the final proposed amendment would modernize the maximum rate ACIR can pay for temporary and intermittent services from $50 per day, which was enacted in 1959, to the rate provided for the GS–18 level, a fairly standard provision.

I might add it has already been relieved administratively.

The Commission considered many other amendments and many more important amendments. They were totally in the realm of changing the Commission's composition, the school board and township questions that we dwelled on this morning, but more than that, many questions about expanding citizen members or using other approaches to increase the national and Federal representation or strength of voice on the Commission.

Because the Commission now has a number of new members and there are some new issues and new facts, it is my personal opinion that the Commission should have one further discussion of the ACIR law before we would finalize a bill seeking, perhaps, these three minor amendments; perhaps some additional ones.

I anticipate that this might be accomplished at the next Commission meeting and that we should then seek an opportunity to solicit your support for securing those amendments.

Senator DURENBERGER. I do want to ask you one or two other questions while I have you here. You know well that those politicians among us who serve on ACIR come and go. Too frequently, we haven't even come to the sessions of ACIR. I have personally pledged to change that, at least as far as I'm concerned.

I was struck in reviewing the transcript of the 1959 hearing which created ACIR by the similarity of the issues that existed then to the issues that exist today.

In your perception do the issues change as time moves on, or, are we still just rehearing some of the same things which were discussed in the fifties, sixties, and seventies?

Mr. ANDERSON. Mr. Chairman, there are certainly eternal classical issues of federalism that have existed through the 20 years of the Commission, 22 years of the Commission's history, and that I suspect will be around for many, many more decades. I am able, often, to summarize our position in just a few words: Our Commission has continuously worked for what we call power balance and fiscal balance which indicates that we believe that power and resources have been too

centralized and that we therefore, in many different ways, must work for decentralization, which is another way of saying stronger States and stronger State revenue systems and stronger local governments and stronger local revenue systems.

In this 20 years, the facts have changed greatly, but the central fact has been the tremendous Federal aid system and all of the accompanying regulations. So the mob has changed, but the mission of power balance and fiscal balance has been eternal.

I think it always will be. Centralization is a phenomenon we are witnessing in virtually all countries of the world, and there are powerful, modern forces that explain that.

Senator DURENBERGER. Let me ask you one last question which deals with the issue of implementation. Sometimes it has to be a frustration to the people who put in 20 years, 10 years—or even a more limited period of time—in coming up with recommendations.

There are those who would say that it is not your job, or ACIR's job, to worry about implementation, and that your success should not be measured, in any way, by the number of laws that get changed or passed.

What is your particular view on that?

Mr. ANDERSON. On our responsibility to follow through with implementation?

Senator DURENBERGER. Yes.

Mr. ANDERSON. Our Commission has always allowed what I consider an aggressive stance on implementation, not so aggressive as to be wrongful for a governmental agency, but our Commission spent a lot of time a couple of years ago arguing over the generality that we should put 50 percent of our time into the dissemination, spreading, and implementation of our positions.

They coughed over 50 percent, but they were willing, once again, to say that we should put all that it can rightfully demand as a matter of priority.

So as we are able, we are authorized to try to do those things that will keep our studies from just being dusty volumes on the shelf.

For myself, I am certainly not unfulfilled. We have some rather discreet, sometimes narrow, objectives that go into law rather rapidly. A classical example here would be the amendment of the Federal bankruptcy laws after we did our study of municipal financial emergencies, or the legislation that brought Federal law enforcement people into the battle against cigarette smuggling. Some of those things happen within 1 to 2 years' time after the completion of our studies.

There are a great many laws passed by this body that originated at ACIR. At the same time, we will always be involved in many parts of intergovernmental relations, like county moderni ation. That is unending and yet every year or two, there is a notable piece of progress made that we think we were a part of.

Senator DURENBERGER. Thank you very much for your testimony. I appreciate it.

Mr. ANDERSON. Thank you.

[Mr. Anderson's prepared statement follows:]

PREPARED STATEMENT OF WAYNE F. ANDERSON

Thank you Mr. Chairman. I am Wayne F. Anderson, Executive Director of the Advisory Commission on Intergovernmental Relations (ACIR), and I am accompanied this morning by two of ACIR's assistant directors, David B. Walker and Carl W. Stenberg.

Because of the strong convictions we hold about the necessity of Congressional oversight, we do appreciate the series of actions you have taken to evaluate ACIR's first 20 years of operation. We profited from our work in answering your very comprehensive set of oversight questions, and we are glad that you have sought comments on our answers from numerous authorities in intergovernmental relations. We are hopeful that this oversight process will produce constructive criticisms and new insights as oversight should.

In this brief opening statement, there is only one respect in which I wish to supplement the testimony of Chairman Watt and our written submissions. Oversight hearings afford an opportunity to seek needed amendments to an agency's basic law, so I wish to report on the deliberations of our Commission concerning possible amendments.

From 1978 to 1980, a Special Committee of Commission members comprehensively reviewed ACIR's records and needs. In the process they discussed a number of possible amendments to our law. They essentially concluded that the law was well conceived and continues to be sound. In the end the deliberations of the Special Committee and later the full Commission resulted in three minor technical amendments being proposed:

(1) The provisions on nominating Governors and State Legislators for membership on ACIR should be amended to name the National Governors' Association and the National Conference of State Legislatures as the nominating bodies. This amendment would recognize that the organization formerly known as the Governors' Conference is now known as the National Governors' Association, and that the National Conference of State Legislatures was bequeathed the nominating power by the Council of State Governments.

(2) Whereas the present law provides that a quorum shall be 13 members, the Commission recommends that the law be amended to provide that a majority of the members serving at the time of any meeting shall constitute a quorum for that meeting. Given the fact that we have frequently had from two to as many as seven vacancies in the past, this amendment would lower the quorum requirement by one to three members and significantly relieve the difficulty of securing a quorum.

(3) The final proposed amendment would modernize the maximum rate ACIR can pay for temporary and intermittent services from $50 per day, which was enacted in 1959, to the rate provided for the GS–18 level.

Amendments which the Commission rejected were of greater importance. Their major attention was devoted to considering whether the composition of the Commission should be revised to improve its representativeness, to bolster participation, or to achieve other objectives. The principal questions they explored were whether the Federal or national representation should be strengthened, whether "citizen" members should be added, and whether school districts, townships, or any other types of local governments should be represented. Their conclusion was that Congress' original concepts reflected in our 1959 law are still sound and should not be altered at this time. Incidentally, the Commission has reviewed its composition on repeated occasions in the past and has always arrived at the same conclusion.

Because the Commission has a number of new members and there are some new issues and new facts, I believe that they should have one further discussion of the ACIR law before we finalize a bill seeking amendments. I anticipate that this will be accomplished this fall and that we should then seek an opportunity to solicit your support for the bill.

Again, we thank you for this whole opportunity to improve the institution of which we are proud. We look forward to your supplementary questions.

Senator DURENBERGER. Our next witness will be Bart Russell, the executive director of the National Association of Towns and Townships. Are you going to be joined by anyone? Georgiana Smith is legislative affairs coordinator for the NATaT staff here in Washington. Do you have an opening statement for us?

TESTIMONY OF BARTON D. RUSSELL, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS, ACCOMPANIED BY GEORGIANA SMITH, LEGISLATIVE AFFAIRS COORDINATOR. NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS

Mr. RUSSELL. I do, Mr. Chairman. I once again appreciate the opportunity to be back before the subcommittee. I hope we don't wear out our welcome. We certainly appreciate the opportunity. I would like to introduce Georgiana Smith who is the legislative affairs coordinator for the National Association of Towns and Townships.

I was very excited about this issue.

On behalf of the local officials from the over 13,000 predominantly smaller communities that NATaT represents, I think it is a great pleasure to be able to address some of the comments that were made, particularly by the Executive Director of ACIR.

I have looked forward to this opportunity, and I will begin. One of the things that I reflected on last year, Mr. Chairman, that took place, I believe, before this subcommittee, a representative of a previous administration made a reference to not only townships, but all cities as toy governments. I think that, in and of itself, reflects a more or less cynical attitude on the part of many in Washington; if not many, certainly some, particularly some in positions of power which is a cynical comment, and we appreciated then, and we appreciate now the support you gave in calling attention to what I thought was an unfair comment.

I think we notice that, all too often, comparisons are made between a local government's staff size and the amount of revenue it raises and its viability. To my way of thinking, townships and small cities, that have limited budgets which, incidentally, are set in most cases by State legislature, have something to be proud of and not to be embarrassed of.

There is a great deal of voluntcerism which you know from your experiences in Minnesota. I know you will be addressing the Minnesota Association of Townships in December as their kickoff speaker.

You haven't been invited simply because you are some strange Senator. It is because you are considered a friend of townships and because you know from firsthand experience that they are a viable form of local government.

There are many views being expressed in Washington and throughout the country about federalism and the intergovernmental system generally: what roles the different levels and units of government should play and how they ought to interact. In this respect, Federal, State, and local relationships do warrant a thorough examination, especially given their pervasive influence today on our political, economic, and social systems.

Of course, NATaT is particularly concerned with this scenario from the point of view of smaller jurisdictions generally, whatever they are called, townships, villages, boroughs.

Although the town form of government is the Nation's oldest, and I think that is not appreciated, it has ironically been afforded the least amount of recognition by scholars and policymakers, both in Washington and in State capitals.

While great and needed attention has been focused on the concerns of large cities during the past few decades, towns were experiencing unprecedented changes and problems as well. However, they have most often been regarded in a sort of sentimental, romantic way, rather than as an important political and social entity whose local governments provide critical services for millions of people living outside central cities.

Today this system of local government serves 60 million people in approximately 17,000 communities. While many townships today are rural or nonmetropolitan in nature, many are taking on urban characteristics which I think reflect some of the dramatic demographic changes that have taken place with respect to population shifts in the past decade. Most towns today provide a wide variety of vital, general-purpose local government services and, in fact, towns or townships are viewed by the U.S. Bureau of the Census as a general-purpose unit of government and receive, among other things, general revenue sharing which is a reflection on the part of Congress of the fact that they are general units of government.

The time, we think, has come to recognize that the town form of government is here to stay and I think it is growing in importance in the intergovernmental system, as its responsibilities are.

One of the things that is not widely known is that towns and small communities, generally those under 50,000 in population, provide a home for well over half the people in the United States today. Though, still, Federal policy tends to be geared almost exclusively toward the problems of larger urban areas.

Though NATaT is called upon from time to time to present the so-called small town perspective by Congress—and this is a good example—the views of town officials are not yet consistently provided for at the national and/or State levels. We think it is time for town officials to be given the opportunity through institutionalized participation to participate in such forums as full partners in the intergovernmental system.

As you yourself said in your letter of invitation to our national association, one of the purposes of this hearing on ACIR is to establish the most effective way of "defining a more rational federal system." We think the inclusion of all levels and important systems of local government and State government in such a dialog is critical to meeting that objective.

The Advisory Commission on Intergovernmental Relations claims to represent, and I quote, "The executive and legislative branches of Federal, State, and local government and the public."

However, though ACIR does include local government officials among its members, when the populations of communities represented by those officials are analyzed, we see that there has been a blatant omission from its membership which adversely affects over half the citizens who live in this country: That is, people who live in smaller communities.

In fact, since ACIR was founded in 1959, there have only been two officials, no longer serving, from small localities which are under 50,000 in population.

There have been no town or township official on ACIR at all. Most local government members of the Commission during the past

21 years have been mayors and county officials from large, urbanized areas. In practice, the Commission has never had more than token representation of even that by representatives of the Nation's smaller local governments.

ACIR was created by Congress to "monitor the operation of the American federal system and to recommend improvements." It seems anomalous to us to be in the business of strengthening the federal system on the one hand while, at the same time, excluding from the process de facto, representation of thousands of units of local governments.

Local officials and smaller communities throughout the country are at the front line of social and economic change. They are responsible for responding to many of the problems of the citizenry and for providing many public services.

Given their fundamental importance to Americans living in the countryside and in suburban areas—indeed, the Nation as a whole, we believe it is neither fair nor prudent to treat small town governments incidentally in the process of policy as ACIR has done.

Results of studies and analyses done by the Panel on Policies and Prospects for Metropolitan and Nonmetropolitan America, of which this subcommittee is well aware, confirm that the Nation's small communities are growing. This growth was, for the most part, unanticipated and occurred dramatically during the last decade. In fact, a Department of Agriculture specialist, Calvin Beale who is often quoted in the Wall Street Journal, and I think is viewed as more or less the renowned spokesman on this kind of an inquiry, reported that for the first time in more than 160 years, the population growth in the United States was much higher in rural areas in small towns and communities than in metropolitan areas.

The 1980 census of population reveals that rural communities are experiencing, as I said, dramatic population growth increases. People are, in effect, voting with their feet.

Harris polls taken throughout the years also reflect this trend with people continuing to express the desire to live in small towns if they have the same economic, recreational and public service opportunities that tend to be available in urban areas.

This continuing increase in population outside urban areas is accompanied by both prosperity and problems. While we are delighted that this growth brings new revenue, sometimes it brings jobs and economic development opportunities. It also brings increasing public management responsibilities and pressures for elected officials at the local level. It creates new needs for housing, public services and affects the natural environment, as well as economic, social and cultural characteristics of towns. Yet this startling and dramatic demographic change, which has significant implications for our intergovernmental system, again, has not been addressed by ACIR.

Mr. Chairman, I would like to point out what we think is a significant recommendation made in 1955 in the Kestnbaum Commission report, the Commission which preceded the creation of ACIR, the wisdom of which is as sound today as it was 26 years ago, and I quote, "The Commission urges using the level of government closest to the community for all public functions it can handle." As a representative of the National Association of Towns and Townships I am keenly aware of just how important this concept is.

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Local officials, whether from a community of 250, 2,500, 25,000 or more, live and work with the people they serve. They are known by name and can be reached both personally and by phone day or night, sometimes to their chagrin, I might add. They are, however, very much aware of the needs, priorities and some of the less definable elements that characterize our communities which vary from town to town, region to region and State to State.

Township officials are also keenly aware of how Federal and State policies affect these local communities. They know better than anyone else what the impact of a Federal or State mandate will be on their towns and the people who live in them. They are more aware of the direct ramifications of Federal and State laws, yet their views are often ignored in the intergovernmental policy and program process. Their knowledge and experience is unused.

As stated previously, ACIR has not examined the massive changes taking place in the thousands of small towns and communities in this country, the impact of which reaches into the core of the intergovernmental system. It is time for the Commission to undertake studies on these conditions, a sadly neglected subject to date. It is also time for the Commission to take advantage of the experience and knowledge of these town officials, of these local governments closest to the people.

I should make it clear NATaT does appreciate much of the work done by the Advisory Commission. Representatives of our organization have participated in working sessions with Commission staff on grant reform, general revenue sharing and other issues that have impacts on townships. In many cases, we concur with ACIR's conclusions. For example, town officials are keenly aware of the problems of redtape, complex application procedures and other regulatory problems associated with Federal and State processes. They know all too well the problems of Federal and State mandates, rarely designed with consideration of smaller governments. NATaT has, accordingly, actively supported grant reform and regulatory reform.

However, I would like to take this opportunity to comment on some remarks made by ACIR in response to the subcommittee's written questions to the Commission concerning local cooperation.

ACIR has concluded that the consolidation of municipalities, towns and townships might be preferred by the citizens of some localities. However, one of the most recently appointed members of ACIR, Dr. Robert Hawkins who, among other noteworthy things, is an expert on small communities' matters and a member of NATaT's Advisory Council, adamantly disagrees with this suggestion. In his book "Self-Government by District: Myth and Reality" Dr. Hawkins documents his position: "Where citizens have had a clear and voluntary choice, they have overwhelmingly chosen not to accept a consolidated decisionmaking system."

NATaT finds ACIR's conclusions in this regard as an example of what can happen by not having small town officials represented on the Commission. The large towns were accommodated for.

In order to assure that all forms of American government are represented on the Commission and that all views are equitably considered, it is imperative that small community representatives be given permanent membership on the Commission.

In this regard, I would like to bring your attention, Mr. Chairman, to H.R. 2016 introduced by the distinguished ranking minority member of the House Subcommittee on Intergovernmental Relations and senior Republican member of ACIR, Clarence "Bud" Brown. Representative Brown's bill calls for the addition of three town officials to ACIR to be nominated by NATaT. If passed, his bill should help fill an enormous void in the policy development process of ACIR. I should add at this point that your colleague, Senator Danforth, introduced a bill in 1978 which included a provision that would expand the Commission to provide for three representatives in much the same manner.

We don't seek to minimize the contributions of other public interest groups on the Commission which represent larger, urbanized communities. We do say, however, that small communities are totally unrepresented at present. I don't want to cry sour grapes ad nauseum except, as I say, we have not had the opportunity to make this point.

I would also point out that the National Association of Towns and Townships, while it was founded by township officials, now accepts direct membership from local members from small communities across the country—be they township officials, village, borough or small city officials—because we realize that our purpose and mission is much greater at the national level. We do say, however, that township government is an institution, is an important one. It ought not to be ignored as we said earlier.

One last concluding comment, Mr. Chairman. In reference to the situation I have just described, rural development specialist J. C. Doherty terms town governments as the "odd men out" in his paper "The Small Town Crisis and the Washington Connection." Doherty said, and this is my last quote:

> Obviously, so long as this situation exists, "the odd men out" of the U.S. Government system will continue to be generally ignored and misunderstood in state capitals and by the Washington establishment. Continued failure to consider the impact of the changes taking place in the Nation's smaller communities and the resultant problems may very well have a permanent adverse effect on the American landscape.

I think this is a very compelling and thought-provoking observation. Again, Mr. Chairman, on behalf of the Board of Directors and members of the National Association of Towns and Townships, we sincerely thank you for providing us this opportunity to provide the township point of view.

Senator DURENBERGER. Thank you very much, Bart, for your testimony.

[Responses of Mr. Russell to written questions submitted by Senator Durenberger follow:]

QUESTIONS FOR BART RUSSELL

Question 1. I know that Congressman Brown has introduced legislation on the House side to increase the membership of ACIR by adding three elected township officials. Congressman Brown sent a statement to the Subcommittee which will be included in the record of this hearing.

I asked Secretary Watt earlier about expanding the membership on ACIR. Were you here to listen to that exchange, and if so what did you think of his reply?

Answer. I agree with Secretary Watt's view that town(ship)s are becoming an increasingly vital force in the intergovernmental system. While he did not specifically endorse an expansion of the ACIR membership during the hearing, my

understanding is that, after considering the matter briefly, he sent a letter to the Subcommittee endorsing Congressman Brown's bill to provide for three town-(ship) officials on ACIR.

Question 2. Your testimony indicates that only two past members of ACIR represented communities with populations less than 50,000. But many of us in public service have worked at various levels. Are there or have there been members of ACIR who started their careers as township officials?

Answer. To our knowledge, no one with township government experience has ever served on ACIR.

Question 3. How many States have towns or townships as a part of the governmental structure?

Answer. Twenty states have town(ship)s as part of their governmental structure. Township units are located in New England, Mid-Atlantic, North Central and Mid-West states. As we described to you in a letter dated November 13 (copy enclosed), towns share characteristics with smaller municipalities nationwide—though what they are called differs from state to state.

Question 4. In how many of those States might the work of townships be classified as general purpose government?

Answer. The functions townships perform state to state vary, as they do with cities and counties. Their powers, determined by the state legislature, include responsibility for the most vital basic public services. All townships receive General Revenue Sharing, which by definition makes them "general purpose" units of local government.

Question 5. What kinds of functions do townships normally fulfill?

Answer. Townships historically served as the primary system of local government for rural citizens. However, over time, due to the effects of urbanization, many townships have taken on a governmental character which is similar to cities. In recognition of their increased importance, state legislatures have, in many cases, taken action to give townships even more expanded authority than they had previously. In Minnesota, for instance, the legislature passed what was called an urban towns bill, giving townships essentially the same general "health and welfare" responsibilities as cities have. Included among the statutory responsibilities that township governments have are police, fire, sewer and water, social services such as aid to the indigent, parks and recreation, highways and bridges, housing, and libraries. This list is not inclusive but rather a general overview.

Question 6. Do you support membership on ACIR for any other governmental units that are not currently represented? Do you think that school boards should be represented?

Answer. NATaT supports the representation on ACIR of general purpose units of local government. The Association does not have a policy with respect to membership of school boards on the Commission.

NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS,
Washington, D.C., November 13, 1981.

Hon. DAVID DURENBERGER,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR DURENBERGER: The following is a description of the membership of the National Association of Towns and Townships (NATaT). As you know, towns and townships do not exist in every state—at least by name. They are in general smaller localities and share characteristics with other small municipalities nationwide, whether they are called cities, boroughs or whatever nomenclature is used in a particular state.

Townships, as you are also well aware, are general purpose local governments and are classified as such by the Bureau of the Census, just as small cities are.

The town system of government is predominantly in the Northeast, Mid-Atlantic, North-Central and Midwestern states where the bulk of NATaT's 13,000 members are currently located. There are 17,000 townships nationwide as compared with 18,000 cities—the difference lies in geographical distribution rather than numbers.

Throughout the township states, NATaT has state associations. NATaT is also providing direct member services to individual small municipalities nationwide through a contract with the National Association of Smaller Communities (NASCO). The long term goal of this agreement is to merge and expand these memberships because of the essentially identical interests of the constituencies. The President of NASCO serves on the NATaT Board of Directors.

Historically, no other national organization served the needs of town officials, which is why NATaT was founded five years ago. Needless to say, we have tremendous concerns about the needs of township governments. Yet, NATaT is also unique on the national level for it represents the intergovernmental concerns of all smaller jurisdictions—no matter what they are called.

The NATaT Board only recently decided to open up NATaT's membership to other small municipalities around the country thus our direct membership is still in an evolutionary stage. Yet the response from "non-township" states is noteworthy as is the geographical distribution of our membership.

Per your request, the following is a list of states which have towns, townships, and municipalities for whom NATaT currently provides services: California, Colorado, Connecticut, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, New Jersey, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont and Wisconsin.

Again, I would like to emphasize that, as a national organization, NATaT is young—just over five years old as compared to the decades that other government interest groups have been in Washington—and we are growing. Town government is our country's original form of government and has served as a model for local governments nationwide. Towns have a vital stake in the intergovernmental system and merit representation on ACIR.

If you have any other questions, please don't hesitate to contact me.

Sincerely,

BARTON D. RUSSELL,
Executive Director.

Senator DURENBERGER. At this point in the record, we will insert at his request the statement of the Hon. Clarence J. Brown on the subject of NATaT representation on ACIR. He points out, among other things, that over 60 million people live in townships and over half of our country's population resides in communities under 50,000. He goes on to point out what is actually happening in the population. The census shows us that small town areas grew faster than cities by 15.5 percent during the 1970's.

[Representative Brown's statement follows:]

STATEMENT OF THE HONORABLE CLARENCE J. BROWN

Mr. Chairman, I am pleased to submit this statement regarding a bill I introduced in the House of Representatives, H.R. 2016, which would add three members to the Advisory Commission on Intergovernmental Relations (ACIR) to represent towns and townships.

ACIR is, by law, charged with monitoring the operation of the federal system and recommending improvements to the President and Congress. It is to be a bipartisan, representative body of federal, state, and local officials and private citizens. Yet, while the Commission's contributions to improved government have been substantial, its failure to have full representation for the citizens of of our nation's small towns and townships is a glaring omission we must remedy quickly.

Over sixty million people live in townships, and over half of our country's population reside in communities under 50,000. For the first time since 1820, the census shows that rural and small town areas are growing faster than the cities—by 15.5 percent during the 1970's. Yet, no local official, county or city, presently serving on ACIR represents an area of under 50,000 population. This is clearly an obvious case of non-representation on a statutory representative body.

It is also important to note that placing towns and townships on ACIR will not violate the long-established principle I support which holds that the Commission should be composed of general purpose governments. In fact, one could clearly argue that towns and townships are presently the only general purpose governments not now represented on ACIR.

As Ranking Minority Member on the House Intergovernmental Relations Subcommittee and Senior Republican on ACIR, I respectfully urge this subcommittee to address the issue of town and township membership on ACIR and, if possible, support the approach I propose in H.R. 2016.

Senator DURENBERGER. Our next witness will be Dr. Robert V. Haderlein, president of the National School Boards Association, who will be testifying on behalf of that group this morning. We welcome you to the ACIR hearing. You may proceed with your opening statement, your written statement, or a summary, whichever you deem most appropriate.

We are trying to conclude the hearing as quickly as we can, but I wouldn't want that to limit your remarks in any way.

TESTIMONY OF ROBERT V. HADERLEIN, PRESIDENT, NATIONAL SCHOOL BOARDS ASSOCIATION, ACCOMPANIED BY TOM SHANNON, EXECUTIVE DIRECTOR

Mr. HADERLEIN. Thank you, Mr. Chairman. I have with me this morning Tom Shannon, executive director of the National School Boards Association, and my written statement will be approximately 5 or 6 minutes long.

Senator DURENBERGER. All right.

Mr. HADERLEIN. I will summarize it.

My name is Dr. Robert Haderlein, and I am President of the National School Boards Association. I am pleased to have this opportunity to testify before the Subcommittee on Intergovernmental Relations regarding ACIR and its relationship to local school district governments. The National School Boards Association is the only major education organization representing the Nation's 90,000 local school board members. These local officials, in turn, are responsible for educating as well as providing other services to more than 50 million of the Nation's citizens. The school board members are not professional educators. They are lay governors of education.

Currently, marking our 41st year of service, NSBA is a federation of State school boards associations with direct local school board affiliates constituted to strengthen local control of the legislative authorities and responsibilities and to work for the improvement of education. Most of our members are elected. Accordingly, they are politically accountable to their constituents for both public policy and fiscal management, and, like other elected officials, address public policy without consideration to professional vested interests.

This subcommittee is to be commended for its efforts to lead new directions for better intergovernmental relations and services. We believe that in our Federal system, each unit of government should be recognized for doing that which it does best.

The fundamental principles of our American system of government should always be kept in the forefront of our thoughts as we reconsider the relationship among local, State, and Federal levels of government and the institutions responsible for the study of those relationships.

It is equally important to remember that the existing relationships and distribution of functions, responsibilities and authorities have all developed in response to an identified and accepted need of American citizens. Thus, to study and recommend changes in the American Federal system by institutions such as ACIR in the absence of representation of local school district government appears to contradict ACIR's original purpose: a forum charged with the duty of coordinating with all governmental bodies.

As local government officials responsible for public education and community services, we view ACIR as an institution producing superior work and scholarship.

Furthermore, it is our understanding that the Commission brings together persons of outstanding qualifications and experience to probe the complexities and problems of the Federal system's operation and then to make recommendations on how the processes may be reformed to better meet the needs of our citizens.

At the very heart of our local governments is a local board of education. This elected body is the closest to the people of any of our governmental entities, charged by law with the provision of educational and numerous publicly supported services to 20 percent of our Nation's citizens.

Throughout the Nation, 90,000 citizens have devoted themselves to the governmental responsibilities associated with these offices. Yet, school district government is not, nor has it ever been, a part of the Advisory Commission on Intergovernmental Relations. School district government is the only major universal unit of government whose voice is conspicuously absent from the Commission.

Now, President Reagan has acknowledged that local school boards must have control over local school district government. Obviously, this principle can only be made practical by assigning locally elected school district governments equal status and a voice in formulating the national policies which will ultimately affect local school district operations. It is clear from the 20-year history of ACIR that its highly effective and influential work has had and, in all probability, will continue to have an effect on all levels of government including school district governments.

School district governments are, by any definition of the term, clearly major units of government. By the fall of 1979, the services rendered by local school district governments were the primary activity of approximately 47 million Americans, 44 million students in public schools, 2.4 million professional instructors, and 300,000 administrators—20 percent of the Nation's total population.

School district governments that year collected and expended in excess of 100 billion tax dollars in the operation of a mutifaceted government services unit. If you view it in another context, these expenditures represented 7 percent of the gross national product. This compares to total tax collections and expenditures of 12 percent of the GNP for all State and local units combined. I think this is overwhelming financial evidence that school district governments are, in fact, major players in intergovernmental finance.

In 1981, the school district government is vastly different from its predecessor of 30 years ago when the seeds of ACIR were being sown. Back in 1950, there were 100,000 districts serving 23 million individuals, compared to 16,000 districts today serving 44 million individuals.

In addition, the services delivered are as diverse as any other government services unit. For example, local school districts employ 2,496,000 instructional staff professionals and equally large support and maintenance staffs including paraprofessionals, nurses, transit drivers, custodians, plumbers, carpenters, electricians, printers, accountants, and attorneys. School district governments, through their food serv-

ices system, directly affect $10 to $12 billion in the food processing and agricultural sectors of our economy. School district governments also operate and maintain a transit fleet with 323,000 vehicles valued at $3.3 billion.

Now, more than 94 percent of all local school boards are elected. I think more important than that, 90 percent of all local school districts are fiscally independent. Hence, as governing officials, local school boards view their policy responsibilities, fiscal management and general governance activities in much the same way that other elected representatives view theirs.

Hence, when compared to any other local unit of government, school district governments and their elected officials stand as equal partners in the future of the American federal system, the new federalism, and must be recognized by being assigned an equal role at the table of governments, ACIR.

Legislation amending Public Law 86–380 enabling NSBA to nominate six school board members to the President of the United States, from which he would select three individuals, has a major impact.

First and perhaps most significantly, it would be a signal from the Congress and the President that the school boards are, in fact, to be recognized as legitimate representatives of the local delivery and administration of all school district government services; and second, it would sanction school district governments as equal in status among units of government in the American federal system.

So long as ACIR manages and coordinates information, we believe school districts need to be assigned ACIR seats. Since the kinds of information the Commission manages have oftentimes led to changes in or amendments to legislation at each level of government, school districts must participate as equals to insure that their responsibilities are fully represented.

A new federalism should begin with school district government.

In conclusion, we would ask that this subcommittee take the lead in amending Public Law 86–380 to include school district representation on the Advisiory Commission on Intergovernmental Relations. Perhaps at no time in the Commission's 22-year history is it more important to include school districts than at this time.

As this subcommittee and others look to groups such as ACIR for research work on quasi-markets, block grants, turnbacks, payments in lieu of taxes and numerous yet unknown areas of study in the future, and inasmuch as the school districts of America are an integral part of the Federal governmental system, we believe the time is right to amend the law and include school district government representatives on ACIR.

Thank you for the opportunity, Mr. Chairman, to present our views and I ask that our complete statement be made part of the record.

Senator DURENBERGER. Thank you, Dr. Haderlein. Your complete statement will be made a part of the record.

I suspect school boards were not included in the original makeup of ACIR because there were not many Federal education programs at the time it was created. ACIR was created to advise the Federal branch of the government, not the State and local governments. That may have been the original rationale.

I have a series of questions which I will give to Mr. Shannon and ask you to respond to them for the record to elaborate on your statement. I appreciate your coming here.

Mr. SHANNON. Thank you, Senator.

Mr. HADERLEIN. Thank you.

[Mr. Haderlein's prepared statement and responses to written questions follow:]

TESTIMONY OF ROBERT V. HADERLEIN

SUMMARY

No area is of greater concern to the American citizen and his family than education. This national concern is further intensified by such public policy issues as: (a) the New Federalism, (b) the role of property tax in financing education, (c) equality of educational opportunity, (d) the financing of education by which means and which level(s) of government, and (e) fundamental reform of government supported services mechanisms including education. These types of issues have been and probably will continue to be the areas studied by ACIR.

The National School Boards Association asks this committee to extend the same privileges in policy oversight and formulation that are now enjoyed by virtually every elected official now on the Advisory Commission on Intergovernmental Relations. The end result will be a broader based, more effective intergovernmental decision making body. Education and local school district government is too important an issue in today's and tomorrow's society to exclude the valuable insights of the district's representation on the prestigious intergovernmental body of ACIR.

My name is Dr. Robert Haderlein, and I am President of the National School Boards Association. I am pleased to have this opportunity to testify before the Subcommittee on Intergovernmental Relations regarding ACIR and its relationship to local school district government. The National School Boards Association is the only major education organization representing the nation's 90,000 local school board members. These local officials, in turn, are responsible for educating, as well as providing other services to, more than 50 million of the nation's citizens.

Currently marking our 41st year of service, NSBA is a federation of state school boards associations, with direct local school board affiliates, constituted to strengthen local control of the legislative authorities and responsibilities and to work for the improvement of education. Most of our members are elected. Accordingly, they are politically accountable to their constituents for both public policy and fiscal management. As elected officials, school board members, like other elected officials, address public policy without consideration to professional vested interests.

• Introduction

This committee is to be commended for its efforts to lead new directions for better intergovernmental relations and services. We believe that in our federal system, each unit of government should be recognized for doing that which it does best.

The fundamental principles of our American system of government should always be kept in the forefront of our thoughts as we reconsider the relationship among local, state and federal levels of government and the institutions responsible for the study of those relationships. It is equally important to remember that the existing relationships and distribution of functions, responsibilities and

authorities have all developed in response to an identified and accepted need of American citizens. Thus, to study and recommend changes in the American federal system by institutions such as ACIR in the absence of representation of local school district government appears to contradict ACIR's original purpose -- a forum charged with the duty of coordinating with all governmental bodies.

As local government officials responsible for public education and community services, we view ACIR as an institution producing superior work and scholarship.

Furthermore, it is our understanding that the Commission brings together persons of outstanding qualifications and experience to probe the complexities and problems of the Federal system's operation and to make recommendations on how the processes may be reformed to better meet the needs of our citizens.

• Absence of Local School Board Representation

At the very heart of our local governments is the local board of education.(1) This elected body is the closest to the people of any of our governmental entities, charged by law with the provision of educational and numerous publicly supported services to 20% of our nation's citizens.

Throughout the nation, 90,000 citizens have devoted themselves to the governmental responsibilities associated with these offices. Yet, school district government is not, nor has it ever been, a part of the Advisory Commission on Intergovernmental Relations.(2) School district government is the only major universal unit of government whose voice is conspicuously absent from the Commission. President Reagan has acknowledged that local school boards must have control over local school district government. This principle can only be made practical by

(1) *NSBA operates on the basis of Policies and Resolutions developed by the NSBA Delegate Assembly. The following NSBA Resolutions apply:*
2.1.2 Local Control: The Power To Regulate And Guide The Public Schools at the Local Level

(2) *Ibid., 2.3.1 Federal Advisory Commissions and Committees*

assigning locally elected school district governments equal status and a voice in formulating the national policies which will ultimately affect local school district operations. It is clear from the twenty-year history of ACIR that its highly effective and influential work has had, and in all probability will continue to have, an effect on all levels of government, including school district government.

• Local School Districts Are Big Government

School district government is, by any definition of the term, clearly major units of government. By the fall of 1979, the services rendered by local school district governments was the primary activity of approximately 47 million Americans, 44 million students in public schools, 2.4 million professional instructors, and 300,000 administrators -- 20% of the nation's total population. School district governments that year collected and expended in excess of $100 billion tax dollars in the operation of a multifaceted government services unit. Viewed in another context, those expenditures represented 7% of the Gross National Product (GNP). This compares to total tax collections and expenditures of 12% of GNP for all state and local units combined. This is overwhelming financial evidence that school district governments are, in fact, major players in intergovernmental finance.

• Growth in Local School District Responsibilities

In 1981, school district government is vastly different from its predecessor of thirty years ago, when the seeds of ACIR were being sown. In 1950, there were 100,000 districts serving 23 million individuals compared to 16,000 district governments today serving 44 million individuals. In addition, the services delivered are as diverse as any other government services unit. For example, local school districts employ 2,496,000 instructional staff professionals and an equally large support and maintenance staff including para-professionals, nurses, transit drivers, custodians, plumbers, carpenters, electricians, printers, accountants, attorneys, etc. In addition, school district governments, through their food

services systems, directly affect $10-12 billion in the food processing and agricultural sectors of our economy. District governments also operate and maintain a transit fleet with 323,000 vehicles valued at $3.3 billion.

Now, more than 94% of all local school boards are elected and more than 90% of all local school districts are fiscally independent. Hence, as governing officials, local school boards view their policy responsibilities, fiscal management and general governance activities in much the same way other elected officials view themselves.

Hence, when compared to any other local unit of government, school district governments and their elected officials stand as equal partners in the future of the American federal system -- the "New Federalism" -- and must be recognized by being assigned an equal role at the table of governments -- ACIR.

• Significance of Local School Board Representation on ACIR

Legislation amending P.L. 86-380 enabling NSBA to nominate six school board members to the President of the United States, from which he would select three individuals, has major direct impact. First, and perhaps most significantly, it would be a signal from the Congress and the President that school boards are, in fact, to be recognized as the legitimate representatives of the local delivery and administration of all school district government services. Second, it would sanction school district governments as equal in status among units of government in the American federal system. So long as ACIR manages and coordinates information, we believe school districts need to be assigned ACIR seats. And, since the kinds of information the Commission manages has oftentimes led to changes in or amendments to legislation at each level of government, school districts must participate as equals to ensure that their responsibilities are fully represented. A "new federalism" should begin with school district government.

• ACIR and the "New Federalism"

The term "New Federalism" is being widely used as the Reagan Administration proposes legislative and executive branch changes. "New Federalism" thus becomes an effort to improve the efficiency and effectiveness of government at the federal, state, and local levels by redistributing responsibility and authority for programs away from Washington to state capitals and, when possible, to local units of government. These proposals and changes that make up the "New Federalism" might be described as an alternative to the present federal system. On the other hand, they could be a means of shifting responsibilities in a time of diminishing resources. In either case, school district governments have a great deal at stake -- as does the educational future of the nation.

The proponents of a "New Federalism" vary in their analyses and their solutions; however, there appears to be some general agreement about existing conditions and the need for restructuring goals. They are (1) "government which governs least governs best" and (2) "those who know what the people need should provide the service." The new federalists are attempting to provide a framework for constructive and informed debate about national priorities, realizing that the nation cannot proceed on all fronts at once. They propose that individuals and each unit of government learn to live within its means as an essential, while at the same moment, there is a need to expand opportunities forcing government to make choices and tradeoffs. New federalists are pointing out that the nation - the world -- is experiencing an era of fundamental transition -- a readjustment in the national/international economic structures in response to changes in the world economy, world population, the price and availability of energy and other resources, and the value being placed on the quality of life and the environment. As units of government, school districts are significant participants, at least in terms of being affected by all of the transitions and subsequent governmental responses in the policy arena. It is essential that the national policy of the United States

consider the role of public education in national policy formulation. This cannot be accomplished so long as school district government is excluded from participation.

The New Federalism's foundation is built upon a belief that an improvement in the nation's economic performance is both feasible and essential to achieving any other national goals in the 1980's and 1990's, and further, that there is no long-run conflict between economic progress and improvements in social justice and goals regarding resources and the environment.

• The Commission at Work

The Commission, staffed by a number of highly qualified professionals with expertise in government, economics, history, demographics, etc., produces work of the highest quality which carries with it considerable influence on its merits. This ingredient of merit is blended with an appointed board of opinion leaders in Congress, the Executive branch (usually Cabinet members), state governors, and legislators, city and county elected officials and members from the private sector. This combination of nation-wide leadership and superior staff work has placed the work of the Commission high among forces influencing the direction legislators have taken in legislating changes in the structure of federal, state and local relationships.

Charged with monitoring the operations of the federal system of government and directed to make recommendations for solutions to critical problems among levels of government, the Commission has studied conflict points in governmental structure, tensions in financial and tax relationships, urban problems and the rural plight. All of these issues hold some degree of impact on the operation of school district government. Furthermore, ACIR has probed these issues in an effort to develop practical solutions.

Many of the studies undertaken by the Commission deal with the problems resulting from population shifts, industrial dislocation, international economics, etc., while placing particular attention on the identification of the proper

responsibilities of each level of government. The Commission has also studied and recommended new mechanisms of government to be created at regional and areawide levels;(3) recommended the most effective uses of the resources available to each level of government; and ways of improving coordination among levels of government. The Commission works with government agencies, associations of public officials (not school district governments), the higher education community, and with private research organizations. In selecting items for its work program, the Commissioners consider the relative importance and urgency of the problem, its manageability, and the extent to which the Commission can make a fruitful contribution to the solution of the problem. We believe the process followed by ACIR to be extremely effective and should continue.

• Conclusion

In conclusion, we would ask that this committee take the lead in amending P.L. 86-380 to include school district representation on the Advisory Commission on Intergovernmental Relations. Perhaps at no time in the Commission's 22-year history is it more important to include school districts than at this time. As this committee and others look to groups such as ACIR for research work on quasi-markets, block grants, turnbacks, payment-in-lieu-of-taxes, and numerous yet unknown areas of study in the future, and inasmuch as the school districts of America are an integral part of the federal governmental system, we believe the time is right to amend the law and include school district government representatives on ACIR. Thank you for the opportunity to present our views.

(3) *Ibid.*, *2.2.3 Regionalization/Decentralization of Federal Education Programs*

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FEDERAL RELATIONS

Dr. Robert V. Haderlein
President

Thomas A. Shannon
Executive Director
August W. Steinhilber
Associate Executive Director
Michael A. Resnick
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Gwendolyn H. Gregory
Deputy Legal Counsel

November 6, 1981

The Honorable David Durenberger
U.S. Senate
353 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Durenberger:

I would like to thank you for the opportunity to present our views on the inclusion of school district government representation on the Advisory Commission on Intergovernmental Relations (ACIR). At the conclusion of my oral presentation, you asked that I respond to several questions in writing. The following responses address each of those questions:

1. *Dr. Haderlein, as you know the Governors of this nation are recommending a swap of functions between the federal government and the states. They are suggesting that we make welfare and/or medicaid wholly federal functions and that we return complete responsibility for education to the states. What is the opinion of your organization on the proposal?*

1. We (local school districts) have heard suggested swaps many times over the past several years as Governors and state legislators have been forced by fiscal realities to make difficult choices among competing demands for resources. Unfortunately, when the Federal government reduces its contributions to the states in general revenue sharing, education, child nutrition, welfare, medicaid, food stamps, or any number of other domestic programs, as witness the FY 1981-1982 budget cuts beginning October 1, we find no encouragement that states would in fact make up for the federal cutbacks. Second, when we discuss the responsibility of states, we should be clear about who in the state we mean. The Governors and state legislators do not operate public education programs and on average only contribute about half of the financial resources. Equally important, county and city governments have no responsibilities in this area, and often view public education officials as

competitors among other tax supported services and outside of their programmatic control. Furthermore, there is a national interest to support local school districts to meet education priorities which they are unable to finance with state and local resources. Finally, when we look at the composition of ACIR and fail to see school districts represented, it is apparent that the agenda for study and subsequent action fail to recognize their impacts upon school district governments. We cannot imagine representatives of mayors, county officials, governors, or state legislators forcefully presenting the positions of school districts on any issue, and in most cases, they would not have sufficient knowledge and experience to recognize the interrelationship of study issues to school districts.

2. *The Governors would also like to return transportation and law enforcement to the states. They would end the federal role in these areas. Do you have any thoughts on those two aspects of the swap proposal?*

2. In your second question, you continue the concept of swaps between state and federal governments as it may apply to transportation and law enforcement. First, both of these areas are extremely important to most school districts. As we pointed out in our testimony, local school districts operate a transportation system of over 300,000 units. So long as there are federal programs funding activities affecting local units of government, and regulations affecting the manufacture and operations of public transit fleets and these issues become areas of study for ACIR, then school districts should be a party to recommended actions. Furthermore, we foresee no significant change in the federal role to ensure a minimum level of safety in the area of public transportation.

Any future research of ACIR in the area of transportation would most likely include a search for the most cost-effective alternatives. This would logically include the considerable resources now managed by local school district governments. Recommendations which would embrace multi-district and intra-district joint ventures would probably include school district fleets. Joint ventures of this type are now in effect in some jurisdictions. Finally, we believe that it is in the national interest for the federal government to provide local school districts funding for major areas of need -- especially if state and local units are unable to (fairly) provide the resources from their own tax bases.

Again, neither the Governors nor the other units of government now represented on ACIR are in a position to unilaterally commit resources of local schools to the local districts' transportation systems, nor would such a swap between state and federal governments be universally equitable or acceptable. South Dakota, Montana and Idaho are clearly not so interested in swapping any number of federally funded programs for total state support as might be the case in New York, New Jersey or California. Conditions for public transportation varies considerably among the states and to recommend specific swaps would necessitate a state-by-state analysis and some revenue adjustment process to

attend to unforeseen negative impacts. This would be particularly true of states with large urban transportation systems such as New York, Illinois, California and Washington, D.C., where specific target groups receive special assistance.

The second part of your question addressed the return of the law enforcement roles and responsibilities to the states. School districts are deeply involved with the criminal justice system, both as it serves juveniles and as providers of educational services to prisoners in local retention centers. There are a number of major federally-funded programs that directly affect local school districts; these include Officer Friendly, vandalism reductions, and weapons use by juveniles. Local school districts have contributed resources to these programs and have also received some private financial support. Traditionally, school districts have provided educational and re-training services to prisoners and specialized services, such as group dynamics, to police officers. Finally, the federal government's role in these funding areas will probably not be absorbed by either the state or local governments. We are concerned that a responsibility swap in this area would affect states and localities unevenly and would cause these very valuable programs to be eliminated.

Swaps, whether they be welfare, medicaid, transportation, law enforcement, education or any combination, must acknowledge the variations in the fiscal capacities among states and among localities within each of the states. We believe that the accident of geography should not in any way deny American citizens equal access to the benefits of this nation, nor should any jurisdiction have the right to transfer tax revenue assessments to other state's, simply because it has a needed natural resource -- coal, oil or natural gas. If the United States government collects taxes best and is in a position to equally distribute our wealth, regardless of geography, then perhaps that should be its national purpose.

3. *I suspect that school boards were not included in the original makeup of ACIR because there were not many federal education programs at the time it was created. And ACIR was created to advise the federal branches of government, not the states and local governments. That situation has changed. But the federal government is now into everything. In my own view education is one function of government, while ACIR membership is representative of the general purpose officials in government -- people who have to balance education against all of the other claims on tax dollars. If school boards are added to the list, do you think that we should add representatives of transportation departments, pollution control agencies and the like?*

3. The third question address several points: (1) the issue of inclusion of school districts in the original composition of the Commission, (2) the federal role in education, (3) the definition of school districts as a unit of government and (4) the justification for exclusion of government administrative units.

First, I would draw your attention to the definition issue. When we examine the functions and responsibilities of units of government now being represented on ACIR, we find a composite of a government unit which includes the following criteria:

- elected by the citizenry and accountable only to that electorate;
- found universally throughout the nation (although this does not apply to counties);
- fiscally independent and has the authority to raise tax revenues;
- responsible for the management and administration of multiple services and functions; and
- operationally responsible for intergovernmental programs, such as, CETA, ESEA, Public Works, Energy Programs, etc.

If we use a composite of government criteria as a definition of inclusion, then it seems clear to us that school districts clearly qualify and in fact, in composite ratings would score higher than some now represented on the Commission. In addition, the sheer magnitude of school district fiscal and human resources and their impacts on our society, would indicate that they should have been included. It is inconceivable that state and local units of government, which expend fewer dollars and which have no responsibility for the operation of public education, should be perceived as either more of a government or more affected by federal domestic legislation and regulation.

School districts perform many public service functions in addition to classroom instruction to children. They provide job training and re-training for adults, specialized services to senior citizens, child care services for working parents, food services programs for children and adults, and the billions of dollars of facilities and equipment are extensive utilized by many private and public organizations for a wide variety of programming purposes. All of the evidence clearly demonstrates that school district governments are multi-purposed and multi-functional.

The next point in this question has to do with the original membership and lack of a federal role in education. If those responsible at that time had been more diligent in their examination of the federal role in education, they would have seen a multiplicity of federal activities impacting upon local school districts and a long history of a federal presence. Beginning with the land grant acts, and continuing until the last session of Congress, statutes affecting public schools have been enacted. In the Ordinance of 1785, Congress declared that in the land of the Northwest Territory "there shall be reserved the lot No. 16 of every township, for the maintenance of public schools, within said township".

Through this provision, some 80 million acres were granted. Other similar acts include the Morrill Act, Hatch Act of 1887, the second Morrill Act of 1890, the Nelson Amendment of 1907, and the Barkhead-Jones Act of 1935. In 1917, influenced by the impacts of WWI, Congress passed the Smith-Hughes Act for the support of vocational education. A part of the act reads:

> . . ."for the purpose of cooperating with the states in paying the salaries to teachers, supervisors, and directors of agricultural subjects, and of teachers of trade and industrial subjects, and in the preparation of teachers of agricultural, trade, and industrial, and home economics subjects . . . "

During the Depression years of the 1930's the federal government enacted many relief measures, and many of these affected public education and school district government operations.

The Civil Works Administration (CWA), and later the Public Works Administration (PWA), set up procedures whereby grants, loans, and in some instances the supplying of materials to help with construction, alteration, and repair of school buildings. The two relief measures which seemed to have the most influence on schools were the Civilian Conservation Corps (CCC) and the National Youth Administration (NYA). All of the federal relationships with public education are too numerous to mention; however, beginning with the Lanham Act of 1941, Congress appropriated money to aid local school district governments in the construction and operation of schools and other facilities where military or federal civilian activity created burdens upon local school district governments P.L. 815 and P.L. 874 continue provisions. These issues are fundamental to PILOT and the historical work on the Commission on tax questions.

Hollis P. Allen, as a member of the Hoover task force on the reorganization of the federal government, examined the character and extent of federal programs in education. His report suggested that at least 20 federal agencies were engaged in bonafide educational programs, that the annual expenditures for these amounted to more than $3 billion, and that only 1% was channeled to the USOE.

Consequently, the suggestion that the federal government was not involved with public education as the Commission was being formed is clearly not supported by the evidence. Four points were clear by the mid-1950's:

- Federal activites in public education were extensive and widespread.
- The money appropriated was appreciable (est. $3 to $3.6 billion).
- USOE's relative role was meager.
- There was little or no coordination of programs.

At this point, I would like to look a bit toward the future of the federal government in public education. Our association believes that there will continue to be a federal presence in public education. Several conditions prompt us to take this position. First, there are significant disparities among states and within states in their capacities to support programs which are in the national interest. How can states and local governments assume the responsibility for establishing policy affecting the agricultural sector of our economy? So long as dairy prices, wheat and other grains productions and distribution require national policy initiatives for both domestic and foreign trade and so long as that policy includes school districts as a market, there will continue to be a federal presence in education. It also seems clear that we will continue to have programs designed to alleviate some of these disparities -- even though some current programs fail to score high on this criteria.

We believe that ACIR will play an important role in defining what constitutes a national purpose or a national interest from a federal prospective. You raised this issue during the October meeting of ACIR when you discussed severance taxes and the divisiveness which is potentially associated with this revenue generating system. We are concerned that this type of tax would further erode the financial resources of states which are energy dependent. In other words, there must be a federal presence because resources are unevenly distributed or are not in direct relationship to either population distribution or needs of those population.

Finally, at that same ACIR meeting it was suggested that the Commission consider the effects of court actions on intergovernmental relations. In this area, no other unit of government has been more affected than the public education sector. Clearly this demonstrates a need to include school district government officials as members of the Commission.

4. *So the difference between school boards and other single purpose government officials is that school boards are elected?*

4. First, school boards members are not administrators of governmental services such as those provided by water and sewer districts, police, fire, street maintenance, etc. School boards are officials responsible for the establishment and the implementation of policy. They, like mayors and county commissioners, hire administrators and managers to carry out their policies. As in the case of city and county governments, school boards are each independent of one another. School boards are responsible for a multi-purpose governmental function. School districts provide instructional services to be sure; however, the districts of today also provide services to the elderly, pre-school child care, emergency services in time of national or natural catastrophe, employment training centers, health services, community services, community centers, recreational services, etc. The number and types of services are often greater than those of the other local governmental

units. Finally, in the case of school district government, there is no basis of comparing them with "mosquito" districts or with park districts or any single-purpose government supported activity. The complexities which have evolved in the discharge of school district government services and responsibilities as they relate to state and federal programs, tax policy, and purposes and the effects of the courts, simply finds no basis for comparability with single-function units which are generally a subordinate unit to the state or local government.

5. *There are other elected officials at the state and local level who perform only one function in government. Most states have auditors, and ACIR's work has had a lot to do with auditing. Many states have elected public utility commissioners and with the spiral in energy prices these days, maybe public utility commissioners have a claim to be represented. I think almost all states have elected Attorneys General. But again they only deal with one part of government. Could you tell me how school boards are different from these other elected officials in a way that would justify membership for the school boards and not for the Attorneys General, Public Utility Commissioners, Auditors, Treasurers, County Clerks and the like?*

5. Again, when considering a definition for membership to ACIR, no single criteria in the total composite should be utilized. The criteria in question three's response should be the type of measurement by which membership should be determined. Attorneys General, although elected, unlike school districts, they do not serve millions of citizens or collect taxes. County clerks may be elected, but primarily function as administrative units, not in any way comparable to school districts when one includes their public policy responsibilities or the delivery of direct services to millions of citizens. Likewise, transportation boards may have a taxing authority but fail on the criteria of election of office or the delivery of multi-purpose services. Here again school districts, like city and county official substantially meet all criteria. Failure to have 100% of the criteria for membership would eliminate county governments, because two states do not have counties. If only one criteria, say election to position, were to be the standard, then your suggestion of Attorneys General would require their inclusion. This type of criteria application to membership only serves to discriminate and limit participation. We believe that in a total comparison of all possible criteria of local units of government that school districts would not only qualify but would score higher on a composite basis. Quite frankly, we believe school districts should be accorded equal status with the other representatives of local government bodies who have the same relationships to the citizenry, responsibility for revenues and expenditure, and which have to function as independent bodies. The examples you give of treasurer and others simply are not comparable local government bodies, but are a part of the infra-structure of local or state governments. And in these examples they account to or are a part of government units now apart of ACIR.

Again, school districts are independent policy-making bodies of local government equal to and separate from municipal and county units of government. This is the reason school districts should be seated along side their peers of local government. Such criteria as elect or not, universality of units, etc., although important, fail to address the issue of school district membership. We should be there because -

- school districts are a unit of local government without representation and the purpose of the Commission was to bring together representation of the three levels of government to consider common problems. The majority of the Commission's work affects and involves school district government;

- school districts are major recipients of Federal grants and contracts and the Commission is to be a focus of discussing the administration and coordination of the grants-in-aid structures; and

- school districts are major participants in intergovernmental tax policy both as assessors and distributors. Consequently, when discussions and studies of these and other related issues come before the Commission, only school representatives are in a position to speak authoritatively.

Very truly yours,

Thomas A. Shannon
Executive Director

Robert V. Haderlein
President

TAS/RVH/cl

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

Areas of Inquiry for the Oversight Hearing on the
Advisory Commission on Intergovernmental Relations

Commission Membership and the Appointments Process

1. Q. By what process are the Commissioners appointed and all interests in the federal system reflected?

A. Section 3 of Public Law 86-380, as Amended, establishes the composition of ACIR as being 26 members drawn from the Executive and Legislative branches of the federal, state, and local levels, and from private citizens, as follows: three U.S. Senators (two from the majority party), three U.S. Representatives (two from the majority party), three private citizens, three Federal Executive branch members, four governors (not more than two from any one political party), three state legislators (not more than two from any one political party), four mayors (not more than two from any one political party and at least two from cities under 500,000 population), three elected county officials (not more than two from any one political party).

All members serve for two-year terms unless they leave public office sooner, and their service continues beyond expiration dates until they are reappointed or replaced.

The President of the Senate appoints the U.S. Senate members, and the Speaker of the House appoints the House members.

The President appoints the 20 non-Congressional members. He selects three Federal Executives and three private citizens without regard to political party. His appointments of 14 members from four categories of state and local officials, however, are drawn from persons nominated by designated state and local public interest groups, and, as indicated above, the law stipulates how many in each category may be from each major political party. Nominating public interest groups are required to nominate at least two candidates for each appointment the President makes. The nominating public interest groups are:

Governors - National Governors' Association
State Legislators - National Conference of State Legislatures
Mayors - National League of Cities and the U.S. Conference of Mayors (joint nominations)
Elected County Officials - National Association of Counties

2. Q. How many positions on the Commission are currently vacant?

   A. As of February 23, 1981, the only vacancies on the Commission were the three Federal Executive member posts. However, as the attached list of members indicates, the terms of three of the mayors on the Commission had expired so they are subject to reappointment or replacement. Furthermore, while the terms of the six members of the U.S. Congress will have a short period to run, it is typical for the President of the Senate and the Speaker of the House to make these reappointments or appointments as a group soon after each new Congress convenes.

3. Q. Who has served on the Commission over the last decade? Please provide a brief biography on each past or current member.

   A. The full list of persons who have served on the Commission is attached. Each member's membership category and jurisdiction are shown. The Commission does not maintain more complete biographical information on Commission members. (See attachment A).

4. Q. Are there any interests in the federal system which are not currently represented that should be?

   A. The composition of the Commission has been reviewed many times and was last thoroughly reviewed by a Special Committee and the full Commission during 1979 and 1980. Many bills have been introduced in the Congress to add school board representatives and township representatives, and the Commission has been aware that the multistate regional organizations, substate regional organizations, and special districts also have some basis for seeking representation on ACIR. The Commission, however, once again decided that the composition established by the Congress when it passed the original ACIR law in 1959 is optimum and should not be altered at this time.

   Congress implicitly provided that the Commission should not be so large as to preclude full participation in deliberations; that a certain balance among the federal, state, and local government contingents was necessary; that a certain bipartisan balance was necessary; that elected or otherwise "political" officials representing the three levels of government are best situated to improve intergovernmental relations; that only general governments should be represented; and that representation should be limited to those types of general governments that are virtually universal in our nation.

   The case for representing school districts largely fails on grounds that they represent a single function and therefore are not general governments. Moreover, in 1980, Congress established the Intergovernmental Advisory Council on Education, which is, in effect,

an ACIR for education. Township representation has been opposed on grounds that townships only exist in 20 states and in many of those states have minimal functions.

The Commission also considered whether additional public members should be added, particularly so as to strengthen the representation of national and federal interests, but they decided against recommending such a change at this time. The fact that the Commission already has 26 members was a consideration.

5. Q. Is any change in the authorizing legislation necessary to improve the appointments process and provide adequate representation on the Commission?

A. For reasons covered by the answer to Question 4, the Commission decided that no amendments are necessary at this time concerning the Commission's membership and the appointments process. Several amendments on other subjects are deemed desirable and hopefully can be considered as an outgrowth of these oversight hearings.

6. Q. What steps might be taken to encourage more active participation by the members of Congress and representatives of the Executive branch who are appointed to the Commission?

A. As the question recognizes, ACIR's only continuous and substantial member participation problem has been poor attendance by the U.S. Senate members and the Federal Executive branch members. The U.S. House of Representatives members have a significantly better participation record, but the national and federal points of view are frequently underrepresented at Commission meetings. The poor attendance by Senators and Federal Executives reflects the heavy demands on them and their overloaded schedules.

The Commission and its Special Committee recently spent a good deal of time in analyzing the problem and discussing avenues of solution. The primary result was that the Commission authorized Federal Executive branch members to name permanent substitute representatives of Assistant Secretary or higher rank and empowered these substitutes to participate fully in debate and to vote. This approach, which may require an amendment to ACIR's law to permanently authorize it, has resulted in much stronger Executive branch representation. Because U.S. Senators do not have directly equivalent counterparts in the sense that an Assistant Secretary is to a Secretary, there is no equivalent way to strengthen senatorial participation. Their staff representatives may attend as substitutes and participate in debate, but may not vote.

Among the other approaches we pursue to stimulate attendance and participation by Federal members are:

--Encouraging appointments of only those persons whose responsibilities are closely related to ACIR's and who have declared their strong interest and intention to participate;

--Selection of research and other work projects of prime interest to the Federal Government;

--Various types of efforts to make a member aware of issues and recommendations in our research reports that should be of direct interest to him and his constituency; and

--Selecting meeting times and places that should generate maximum attendance.

7. Q. How is the Chairman of the Commission selected?

A. Section 4(b) of ACIR's law provides that, "The President shall designate a Chairman and a Vice Chairman from among members of the Commission."

Agenda Setting and Commission Oversight of Staff Work

1. Q. How is the agenda of the Commission determined?

A. During the past five years, the Commission has used a two-stage narrowing-down process for selecting research projects. The Commission, working from an inventory of typically 40 to 50 major intergovernmental problems, first sorted out about eight as being highest priority and most meritorious of further evaluation. The staff then assessed this smaller group of subjects against our research selection criteria and reported back to the Commission at its following meeting. The Commission in its second-stage action considered these staff evaluations and made final selections of projects comprising a 12 to 18 months work program. The essential reason for the two stages is that evaluating whether research on a project is timely, potentially productive, not duplicative, and so forth, is a substantial undertaking in itself and is, therefore, best confined to a relatively small high priority group of subjects.

The criteria used by the Commission for evaluating and selecting individual research subjects are the following:

--Essential importance of the subject--i.e., potential results in strengthening the federal system, achieving justice and equity, improving service, utilizing resources more effectively, etc;

--Likelihood of substantial and timely implementation;

--Timeliness--is the problem foreseeable but not yet present, emerging now, or of longer standing? Would ACIR recommendations be timely by the time the research and related Commission action could be completed?

--Appeal and utility to Congressional and other federal components;

--Appeal and utility to state and local components;

--Quality, scope and depth of past research on the subject and of current research efforts by other institutions;

--ACIR's competence to undertake the project in comparison with other institutions';

--Staff time and other resources required in relation to ACIR's total resources;

--Degree of interest on the part of Commission members and whether the Commission's composition uniquely

qualifies it for making recommendations on the subject or conversely works against constructive action on the particular subject.

2. Q. What is the agenda of the Commission for the coming months?

A. In addition to some clean-up work on a number of projects, ACIR's research program that will largely consume 1981 and part of 1982 includes the following projects:

—Follow-up work on "decongestion" of the federal aid and regulation system. The Commission, at its January 1981 meeting, instructed the staff to give the highest possible priority to assisting the Congress, the Executive branch, and state and local recipients in efforts to decongest.

--Federal Mandates (direct orders and conditions);

—Jails: Intergovernmental Dimensions of a Local Problem;

—State Severance Taxation of Energy and Mineral Resources;

--Interstate Fiscal Capacity Equalization through the Federal Aid System;

--Financing Local Governments in the Eighties;

--HUD-ACIR State and Local Government Financial Management Improvement Project;

--HUD-ACIR-NAPA State Assistance to Distressed Communities Project.

Additional current work efforts of an implementation nature are described as parts of our answers to your questions on implementation.

3. Q. How many and which studies by the Commission have been mandated by the Congress through legislation? What action did the Congress take on the reports and recommendations that were mandated once the work was completed?

A. Four public laws have required the ACIR to conduct a variety of studies over the past ten years:

P.L. 94-488, The State and Local Fiscal Assistance Amendments of 1976 (Section 145 (a)), mandated the Advisory Commission on Intergovernmental

Relations to "study and evaluate the American Federal fiscal system in terms of the allocation and coordination of public resources among Federal, State, and local governments including, but not limited to a study and evaluation of" (1) comparative fiscal federalism; (2) state and local governmental structure and assignment of functions; (3) countercyclical aid and state-local finances during periods of recession and inflation; (4) citizen participation; and (5) future forces likely to affect federalism.

The Federal Role. The Commission's response to the general Congressional mandate was a three-year study on the federal role in the federal system. An eleven-volume series, entitled The Federal Role in the Federal System: The Dynamics of Growth, is being issued throughout 1980 and 1981. As a result of the federal role study, the Commission devised a six-point agenda for restoring balance to American federalism. This includes: (1) decongestion of the federal grant-in-aid system through federalization of certain functions, consolidations, and termination or devolution of other grants-in-aid; (2) reduction of the federal regulatory burden on state and local governments; (3) strengthening the party system; (4) preservation and renewal of state-local discretionary authority; (5) convening a convocation on federalism; and (6) clarifying the constitutional amendment process.

ACIR's recommendations to streamline the federal intergovernmental grant system are currently under consideration by the 97th Congress, and President Reagan's budget cuts and other initiatives are raising many of the "decongestion" options ACIR proposed. Other Commission-backed proposals received a favorable hearing last year and are expected to appear again on the 1981 legislative agenda. Among the latter is the Commission's recommendation to require that all federal laws which would impose a substantial financial burden on state and local governments be accompanied by estimates, or fiscal notes, of these costs. Fiscal note legislation (H.R. 3697) was introduced in the House last year where it attracted 142 co-sponsors and was joined by similar legislation in the Senate (S. 3087). ACIR's recommendation to convene a National Conference on Federalism was embodied in joint Congressional resolutions last year and is expected to be a priority in the 97th Congress. S. 10 is the latest closely related bill being considered.

Comparative Fiscal Federalism. The Commission's study of comparative fiscal federalism, as required by Congress, included examinations of the allocation and coordination of taxing and spending authorities in three other countries with federalist systems. These studies, on Canada, Germany, and Australia, will be released in 1981. This report is informational only and does not propose specific Congressional responses.

State and Local Governmental Structure and Assignment of Functions. The Commission conducted a two-year study on state and local roles, including how responsibilities for financing governmental services are, and should be, assigned between and among states and local governments. The study led to a series of recommendations adopted by the Commission in 1981 and early 1981 to revamp and strengthen structural and functional processes of states and localities. Findings and recommendations will be published in 1981.

While the vast majority of the recommendations were directed toward state actions, the Commission specifically called upon the federal government to curb its intrusion into state organization and procedures by amending Section 204 of the Intergovernmental Cooperation Act of 1968 to eliminate the "single state agency" and related organizational requirements; recommended that OMB develop and periodically update (in consultation with state and local governments and the Bureau of the Census) a classification of the 50 states based on the functional, fiscal and legal similarities and differences among their types of local governments; and urged that federal decisionmakers recognize that federal aid is no substitute for governmental reorganization, where needed, and cannot purchase it - even when deemed desirable. The Commission further recommended that OMB Circular A-95 and the Intergovernmental Cooperation Act of 1968 be strengthened; that a unified system of substate regions be adopted for the administration of federal aid programs; and that joint federal-multistate compacts be developed to establish regional councils in interstate metropolitan areas.

Countercyclical Aid and State-Local Finances in Recession and Inflation. Both P.L. 94-488 and P.L. 94-396 (the Public Works Employment Act of 1976) required the ACIR to examine the relationship between federal fiscal policy and state and local governments. The study and recommendations were released in two volumes: Countercyclical Aid and Economic Stabilization (A-69) and State-Local Finances in Recession and Inflation (A-70).

The Commission recommended that Congress should initiate a flexible and permanent countercyclical aid program by making permanent the Anti-Recession Fiscal Assistance Program. Although Congress seriously considered, and nearly adopted, this recommendation in 1980, both as a separate measure, and again as a part of the general revenue sharing program, it was dropped, primarily because of the Congressional fiscal austerity program.

The Commission further recommended that Congress establish a stand-by countercyclical public service jobs program to automatically go into effect during a recession. Although Congress gave some consideration to this recommendation, no final action was taken.

Citizen Participation. Pursuant to the Congressional mandate, ACIR issued Citizen Participation in the American Federal System (A-73) which contains the Commission's research findings and recommendations to retain, but improve, citizen participation requirements as a condition of federal aid to states and local governments.

Although there has been no Congressional action to standardize citizen participation requirements, as urged by the ACIR, it should be noted that a number of federal departments have or will be shortly moving in that direction, and that the "Federal Assistance Reform Act of 1980" (S. 878 and H.R. 4504) contains provisions to streamline citizen participation, as well as other generally applicable, grant requirements. S. 878 was passed by the Senate last year and is expected to be reconsidered in 1981.

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The Future of Federalism. In response to a Congressional mandate to evaluate the forces likely to affect the nature of the American federal system, ACIR sponsored a Conference on the Future of Federalism in July 1980. For a day and a half, over 30 federal, state and local policymakers, political leaders, academicians and others discussed a broad range of political, economic and judicial issues identified as exerting major influence in shaping the future of federalism. No formal recommendations were adopted by the participants. ACIR will publish the conference proceedings and background papers in the Spring of 1981.

P.L. 93-495 directed the ACIR to examine the impact of the increase in federal insurance of public deposits. The Commission's study and recommendations, contained in the report The Impact of Increased Insurance on Public Deposits, were printed by the Senate Committee on Banking, Housing and Urban Affairs in January 1977. The Commission's central finding was that P.L. 93-495, which increased insurance on public deposits from $20,000 to $40,000 on demand deposits and from $20,000 to $100,000 on time deposits, had no discernible adverse effects on the market for Treasury securities. The ACIR recommended that Federal insurance cover the full amount of public deposits in commercial banks, savings and loan associations, mutual savings banks, and credit unions. Proposals to implement the Commission's recommendations were given serious consideration during the 96th Congress but no final action was taken.

P.L. 93-100, Section 7 (e), the State Taxation of Depositories Act, mandated the Commission to examine specified problems relating to state and local government "doing business" taxes as applied to out-of-state commercial banks, mutual savings banks, and savings and loan associations. Pursuant to this mandate, the Commission prepared State and Local "Doing Business" Taxes on Out-of-State Financial Depositories, that was printed by the Senate Committee on Banking, Housing and Urban Affairs in May of 1975. The Commission participated in the Senate Committee hearings on the matter, but as our Commission recognized, the present unsettled questions about the future form of the banking industry in this Nation largely preclude Congressional action in this field. The current Congress reportedly will give early attention to proposals for changing banking, savings and loan, and other financial institutions' operations.

4. Q. Does the executive branch, outside the representation on the Commission, have any role in setting the agenda?

A. Executive Branch agencies quite frequently request ACIR to consider undertaking research on problems they are facing where they perceive that quality objective research and recommendations by our type of Commission could heighten visibility and facilitate progress. Sometimes they want us to focus on the intergovernmental aspects of a problem, but often they prefer that we explore it more comprehensively. During the past two years, the Treasury Department, for example, urged that we do research concerning the tax-exempt housing mortgage revenue bonds and on approaches for dampening the use of financial incentives in the regional competition between Ontario (Canada), Michigan, Ohio, and neighboring U.S. states for

automobile manufacturing plants. Similarly, the Federal Emergency Management Agency requested that we undertake research on how the three levels of government should relate in coping with disasters and emergencies, several organizations requested that we study the intergovernmental aspects of making nuclear energy safe, and the National Bureau of Standards asked that ACIR evaluate how responsibility for weights and measures regulation should be divided among the levels of government. Federal agencies also frequently contract with ACIR to undertake research where we are perceived to have special capability. (See attachment B).

5. Q. What is the role of the Chairman and other members of the Commission in directing the work of the staff?

   A. The roles of, and division of responsibility between, the Commission, the Chairman, and the Executive Director of ACIR are the standard ones. The Commission authorizes all research projects and contracts, requires that a full spectrum of alternative recommendations and related argumentation be presented to them on each issue, makes decisions on policies to be recommended, and authorizes publication of reports containing recommendations. A Special Committee of the Commission from 1979 to date has thoroughly reviewed and revised our operating principles and practices; has evaluated the present and desired relationship between our work program and budget and staffing levels; and has made recommendations concerning future research projects. ACIR's Chairman and Executive Director are in contact almost daily concerning the planning of forthcoming meetings and other Commission activities, Congressional testimony, external representation of the Commission, major personnel decisions, and other important matters. The Executive Director, however, is the day-to-day manager and is delegated the authority to take routine personnel and other administrative actions. The Chairman and members, in addition to participation in Commission meetings, testify, conduct press conferences, make speeches, and otherwise represent ACIR where appropriate to the extent their schedules allow.

Public Review and Participation

1. Q. What procedures does the Commission use to assure public participation in agenda setting, recommendations and review of the reports?

A. ACIR, like most national capital operations, maintains contact with and involves the public primarily through organizations located here. We utilize a number of approaches for keeping individual members of the public informed about our activities, which leads to some suggestions and criticisms, but direct participation in agenda setting, recommendations and review of our reports involves mostly subject specialists and organizational representatives.

ACIR's procedures for obtaining public participation include the following:

--"Thinkers' Sessions" for the review of research designs to which 15 to 30 knowledgeable persons are typically invited. Representatives of government agencies and research organizations predominate, but we also seek out representatives of affected business, labor, taxpayer, human relations, and other groups.

--"Critics' Sessions" to critique first drafts of our reports. Their composition is similar to Thinkers' Sessions.

--Commission hearings to which we invite spokesmen for the most directly affected groups.

--Mailings of Commission docket books to about 150 organizations that have expressed a desire to continuously follow our work. Their reviews of our docket books lead to many comments and questions concerning proposed recommendations and the docket reports themselves. These representatives also often attend our Commission meetings so as to report back to their memberships.

--Various types of contacts to periodically update the inventory of major intergovernmental problems that is used by the Commission as a basis for selecting future projects. Such contacts are usually informal, but on one occasion we held a major meeting in the Indian Treaty Room for the purpose of consulting numerous "people" groups from outside the governmental and research circles we confer with frequently. The discussion spanned ACIR's operating approaches as well as the intergovernmental problems inventory and priorities. The organizations invited to participate included:

American Bar Association
American Civil Liberties Union
American Enterprise Institute
American Federation of Labor - Congress of Industrial Organizations
Aspen Institute for Humanistic Studies
Businessman's Education Fund
Center for Community Change
Chamber of Commerce of the United States
Committee for Economic Development
Common Cause
Cummins Engine Company
Eagleton Institute of Politics
Ford Foundation
Institute for Policy Studies
Joint Center for Political Studies
L.Q.C. Lamar Society
League of Women Voters of the United States
Match Institution
National Association for the Advancement of Colored People
National Tribal Chairmen's Association
National Urban Coalition
National Urban League
Texas Advisory Commission on Intergovernmental Relations
Washington Center for Metropolitan Studies

2. Q. How many hearings have been held, at what locations and on what subjects over the past decade?

A. The list of such hearings follows:

Date	Hearing	Location
June 1973	General Revenue Sharing and Substate Regionalism	San Francisco, California
October 1973	Revenue Sharing and Assignment of Functions Aspects of Substate Regionalism	Washington, D.C.
April 1975	State and Local "Doing Business" Taxes on Out-of-State Financial Depositories	Washington, D.C.
September 1975	State Taxation of Military Income and Store Sales	Washington, D.C.
August 1976	Payments In-Lieu of Taxes on National Forests and Other Federal Open Lands	Denver, Colorado

December 1976	Cigarette Bootlegging	Washington, D.C.
December 1978	Citizen Participation in the American Federal System	Washington, D.C.
March 1980	Role of the Federal Government in the American Federal System	Washington, D.C.
June 1980	Payments In-Lieu of Taxes on Federal Non-Open Space Properties	Washington, D.C.
January 1981	State Taxation of Multijurisdictional Business	Washington, D.C.

3. Q. How is the record from public hearings used by the staff in the work of ACIR?

   A. The hearings held by the Commission have drawn testimony from a spectrum of organizations known to have deep knowledge and interest in the subject. They have all been open to the public but have been for the purpose of eliciting testimony from invited representatives of the most directly affected parties. They have been essentially equivalent to Congressional committee hearings. The prime purpose and use of such hearings has been to enrich the knowledge of Commission members on the subject at hand before they make decisions on recommendations. ACIR usually publishes these hearings in full as a part of the report on that subject, and the testimony does lead to appropriate revisions and expansions of the staff's draft report.

Recommendations and Implementation

1. Q. What recommendations has the ACIR made over the last decade (January 1971 - December 1980)? Which of these recommendations are directed to the Federal Government? Which are directed toward State and local governments?

   A. A list of recommendations adopted during the last decade is attached. (See attachment C).

2. Q. Describe the implementation process for ACIR recommendations directed toward the Federal Government. Has the primary focus for implementation efforts at the federal level been through the executive or legislative branch?

   A. As its first step in federal level implementation, Commission staff consults with appropriate policymakers and other individuals who influence the policy process in Washington, D.C. These contacts primarily are made through Congressional offices, the White House, the Office of Management and Budget, the General Accounting Office, federal agency offices, and the various public interest groups. Information about the Commission and its work is transmitted in a number of ways including press releases, individual reports, briefing packets, telephone conversations, and meetings with key policymakers and their staffs.

   Often an introduction to Commission work requires follow-up. This may take the form of a clarification of the Commission's position or the provision of additional material. Staff frequently is asked to comment on proposed legislation or administrative management documents, and at times is requested to assist in the drafting of such proposals. When requested, the Commission offers testimony on bills pending before Congress, and when appropriate will informally monitor the impact of administrative initiatives or legislation once it passes Congress and is signed into law.

   An essential aspect of each phase of the Commission's federal implementation work is that of liaison. Particularly in the information outreach effort and in the various drafting tasks, the Commission staff seeks to make all parties involved aware of the others' views, and to enhance communication among these groups.

   Commission staff, as it encourages consideration of federal level recommendations, works even-handedly with the legislative and the executive branches. In the Congress, the focal points of contact are the Senate Governmental Affairs Committee and its subcommittees and the House Government Operations Committee and its subcommittees. Other Congressional committees and individual Members' offices are dealt with as needed and where appropriate.

In the executive branch, Commission staff has established a rapport with the management arm of the Office of Management and Budget and, upon request, has assisted the White House Intergovernmental Affairs Office. In the last year, staff has worked to strengthen its relationship with the intergovernmental liaison offices in the federal agencies as well. Thus, while realizing and respecting the constraints imposed upon it as an advisory commission, staff makes a strong effort to contact all groups concerned with the intergovernmental process at the federal level, and to further the aims and goals of the Commission's recommendations.

3. Q. Describe the implementation process for ACIR recommendations directed toward State and local governments. Are there organizations or mechanisms at the State and local levels similar to ACIR? If so, does ACIR maintain a formal or on-going relationship with them? What role do they play in ACIR's implementation process?

A. The implementation process for ACIR recommendations directed toward state and local governments encompasses a broad spectrum of activities. The major components of the staff's work include disseminating ACIR reports, responding to requests for information and technical assistance, monitoring current events, offering testimony before legislative committees and study commissions, and working with policymakers in the specific state and local jurisdictions. Given the basic constitutional and statutory positions of the states in the area of state-local relations, and the limited availability of ACIR staff, the primary focus of the process is at the state level, with particular attention directed toward state legislative activities.

The central component of ACIR's state legislative work is its State Legislative Program that incorporates well over 100 model bills dealing with state and local government structural, financial, and functional activities. These proposals are made available to Governors, state legislators, state administrators, local officials, and their advisers. ACIR also distributes these materials to and seeks the support of its recommendations from the various organizations of state and local officials including the National Governors' Association, National Conference of State Legislatures, Council of State Governments, National League of Cities, U.S. Conference of Mayors,

National Association of Counties, National Association of Regional Councils, International City Management Association, and state leagues of municipalities and associations of counties. ACIR also endeavors to work with citizen groups, business, professional and labor organizations, taxpayers' leagues, bureaus of government research, academic institutions, and other public and private interest groups where appropriate and feasible. While the ACIR implementation efforts primarily are concerned with encouraging the consideration and successful implementation of recommendations, staff endeavors to cultivate strong working relationships with and promote and maintain a continuing dialogue between and among state and local policymakers. One approach that ACIR has found to be of particular importance in this area is the creation of ACIRs and similar organizations at the state level to recognize, assess and discuss intergovernmental issues.

At least 11 states have created statutorily-based intergovernmental advisory panels, the majority of which are patterned after the national ACIR. In addition, Governors in about a half dozen other states have created, by executive order, an ACIR or other advisory panel to deal with intergovernmental issues; local government associations in at least two states have joined together to form their own intergovernmental advisory group; a number of states have strengthened or established permanent legislative commissions or committees on local government; every state has a department of community affairs (DCA) or an office designated to perform DCA functions; a handful of states have transformed their dormant interstate cooperation commissions into active agencies; and every state has authorized a legislative study or created a temporary study commission to address an assortment of intergovernmental issues over the last decade. While the national ACIR has no formal ties with these organizations, ACIR does maintain a close working relationship with them. In some instances, review of ACIR reports and recommendations specifically is called for in a state advisory panel's charter.

4. Q. What were the major examples of successful efforts to implement ACIR recommendations during the last decade at the federal level? What were the major examples of state and local governments which successfully implemented ACIR recommendations?

A. ACIR recognizes that its record will be evaluated, at least in part, on the basis of actual improvements which have occurred in the intergovernmental system. These improvements generally require legislative or constitutional changes, and on occasion, may be accomplished through executive directives and administrative policies at the federal and state levels.

In compiling a list of major successful efforts to implement ACIR recommendations, however, several factors must be considered. First while ACIR has played a lead role in encouraging and implementing reforms, it has not been the only force at work in many instances. At other times, ACIR has joined in the work initiated by others in order to increase the momentum for a specific reform. And secondly, there are practical considerations which influence the outcome of ACIR recommendations including the constraints imposed by time, the complexity of the issue, and the existing political environment.

A precise and complete list of every action that successfully implements an ACIR recommendation is difficult to compile. This is especially true at the state level where tens of thousands of proposals are considered by state legislatures every year. The following discussion, therefore, identifies only those major areas of successful activity during the last decade.

Federal Level

The major ACIR federal level recommendations of the last ten years relate to the management of the rapid and sizable growth of the federal government and the amelioration of the several undesirable effects this growth has had on our intergovernmental system. While the unfinished agenda in this area remains lengthy, the ACIR has played an important role in a number of areas. The following are the most prominent of these actions:

- o the enactment of General Revenue Sharing;
- o the enactment of the Community Development Block Grant;
- o the reenactment of the Comprehensive Employment and Training Act;

- Enactment of the Title XX Block Grant;
- Enactment of the Uniform Relocation Act;
- Enactment of Supplemental Security Income legislation;
- Enactment of the Justice System Improvement Act;
- Establishment of biennial balanced growth reports submitted by the President to Congress;
- Enactment of legislation to require withholding of state income taxes from military pay;
- Enactment and subsequent renewal of the Joint Funding Simplification Act;
- Enactment of Contraband Cigarette Enforcement legislation; and
- Refinement of existing and the creation of new executive management documents to clarify, simplify, and make more flexible the administration of the federal grant-in-aid system.

State and Local Levels

Two significant intergovernmental trends to which ACIR has made significant contributions at the state and local levels are strengthened governmental institutions and improved revenue systems. Among the key actions taken to implement ACIR recommendations within these two broad categories are the following:

- 18 states have established an advisory organization or mechanism to deal specifically with intergovernmental issues and problems, eight of which follow the model State ACIR proposal;
- 38 states have adopted or strengthened provisions related to legislative oversight and appropriation of federal funds;
- annual legislative sessions now are held in over 40 states;

- constitutional provisions allowing gubernatorial succession and reducing the number of elected state officials have been adopted in many states;

- state judicial reform has proceeded at a fairly rapid pace in the form of unified state court systems, improved court administration practices, and the elimination or revamping of outdated lower court structures;

- nine states have indexed their state individual income tax;

- nine states have adopted "truth in taxation" (full disclosure of property tax increases) measures;

- 13 states have adopted legislation to provide for the reimbursement of state mandated program, service and personnel costs imposed upon local governments;

- 22 states have established consolidated state-administered pension systems;

- 31 states have adopted "circuit breaker" tax relief programs;

- 17 states have enacted laws providing for the public deposit and investment of idle funds;

- 15 states have programs to compensate local governments for state-owned property;

- six states have enacted laws to codify, review and periodically evaluate all programs providing state aid to local governments;

- seven states have acted in the area of preventing and controlling local government financial emergencies;

- 15 states have provided for pooled insurance programs;

- 30 states require that fiscal notes accompany legislation affecting local governments;

- 21 states have enacted a law permitting the exchange of tax records and information;

- o 12 states have removed constitutional restrictions on state borrowing;
- o 18 states have enacted laws providing for citizen participation in the budget process;
- o 29 states have granted counties some type of home rule authority;
- o 21 states have authorized optional forms of county government, although relatively few counties have exercised the option;
- o 43 states have some type of general law authorizing intergovernmental service agreements;
- o five more city-county consolidations were approved; and
- o the Nation's first elected regional government with policy and operating responsibilities was established in Portland, Oregon.

5. Q. Considering only the recommendations which have been implemented, have ACIR implementation efforts been more "successful" at the federal level or at the state/local level?

A. Overall, it is our judgment that states have been moving more aggressively with the types of reforms ACIR espouses than has the federal government. In a sense, this advantage is guaranteed by the fact that there are 50 state governments and thousands of local governments. This factor notwithstanding, however, state and local governments have exhibited substantial improvement over the last ten years in the fiscal, administrative, judicial, organizational and personnel aspects of their operations. Many of these improvements are congruent with Commission recommendations, and the Commission rightfully can claim to be one of a number of groups encouraging these reforms.

Implementation "successes" at the federal level, conversely, are far less numerous. Remembering, however, that one of the primary concerns of recent Commission research is the centralization of power in Washington, it is correct to observe that a single federal level action has a substantial ripple effect throughout the entire intergovernmental system. Thus, while the administrative and legislative successes for the Commission at the federal level have been fewer in number relative to state and local actions, their ultimate impact is quite substantial.

6. Q. Considering only the recommendations which have not been implemented at the federal level, which do you consider to be the most important at this time? Which require executive action? Which require legislative action? Have any of these recommendations been translated into proposed legislation, executive orders, etc.? Have any of these recommendations been the subject of Congressional hearings or other formal review?

A. The unfinished intergovernmental agenda is best characterized by the need to restore the identity and viability of each partner in the federal system while maintaining the "safety net" for distressed units of government in our system. Much of this can be accomplished through the array of ACIR recommendations designed to improve the existing system of intergovernmental assistance. A sorting out of functional responsibility in the federal system is a change of the first order of magnitude. This, in the Commission's view, should entail the elevation of fiscal responsibility for welfare programs to the federal level and the devolution of responsibility for certain other activities to the state and local levels. For illustrative purposes, the package of programs to be sent to the subnational level might include education, medical assistance (other than medicaid), food programs (other than food stamps), social services (except child care), criminal justice, libraries, volunteer services, arts and humanities, and fire protection. These major changes in programmatic assignments would require legislative actions, but as yet no such proposals have been suggested.

A second level of activity for improvement entails a series of structural changes which would enhance the flow of authority and funding through the intergovernmental delivery system. This includes creation of a process to encourage grant consolidation and the use of that process to construct aid programs more flexible and adaptable to state and local needs. It involves policy, the simplification of the ever-growing number of fiscal and administrative requirements which are generally applied to grant programs, as well as the improvement of audit procedures and administrative processes such as joint funding. Additionally, a process authorizing the periodic "sunset" review and possible elimination of aid programs would bolster the Congressional oversight effort. The structural changes are included in grant reform legislation which was submitted in the House of Representatives as H.R. 4504 and passed in the Senate as S. 878 in the 96th Congress. A similar proposal is S. 45 in the 97th Congress. The sunset proposals were the subject of extensive Congressional hearings in the 95th and 96th Congress.

A third level of reform is encompassed by a range of administrative actions designed to improve the operation of the existing grant system. These efforts to give clearer direction to grant administrators and recipients on their rights and responsibilities

within the system have been the subject of numerous Presidential memoranda, executive orders, and management circulars in the last ten years. Of greatest current relevance is the management effort being conducted by the Office of Management and Budget pursuant to the Federal Grant and Cooperative Agreement Act (P.L. 95-224). This management approach to system reform, on which ACIR is cooperating, is the incremental complement to the basic structural changes.

The concern for distressed communities in our system will be met best by those programs which will protect and enhance their fiscal health in this period of fiscal constraint. Passage of payment-in-lieu of tax (PILOT) legislation would alleviate the effect of an important mandated exemption to state and local taxing power. Such legislation was introduced in the House of Representatives in the 96th Congress, but no hearings were held. Additionally, passage of fiscal note legislation would help avoid the imposition of excessively costly mandates on state and local governments by the federal government. Fiscal note legislation was considered in hearings in the Senate and House of Representatives last year, but it failed to achieve passage.

7. Q. Considering only the recommendations which have not been implemented at the State/local level, which do you consider to be the most important at this time? Which require gubernatorial action? Which require state legislative action? Which can be implemented directly at the local level? Have any of these recommendations been translated into proposed state legislation, executive orders, local ordinances, etc.? Have any of these recommendations been the focus of legislative hearing or other formal review at the state level?

A. State institutions and programs, state-local relationships, state and local fiscal health, accountability, and public confidence in the processes of government are among the major issues which will demand increasing attention during the decade of the Eighties. While state and local governments have acted on a number of fronts, much remains to be done. Drawing upon the experiences of the states, ACIR has developed a seven-part agenda that will help guide forthcoming implementation efforts:

Balanced Local Fiscal System

Creation of a balanced local fiscal system through a comprehensive state general revenue sharing program based on fiscal effort and capacity, state financing of state mandates, authorization of local

option income and sales taxes, state financing of education, and full utilization of local service charges where appropriate;

Restraint on Mandates

Adoption of a deliberate state policy of state restraint in imposing mandates on local government, which includes a review of existing mandates, fiscal notes on all state legislation imposing mandates on local governments, and full or partial state financing of state mandates;

Financial Management

Adoption of a program to require local governments to comply with generally recognized national governmental accounting, budgeting, reporting, and auditing procedures, regulate local short-term operating debt, regulate locally administered retirement systems or consolidate them into a single state administered system, and establish guidelines to determine when local financial conditions necessitate state intervention in financial emergencies and the form such involvement should take.

Local Government Reform

Adoption of a state program of local government reorganization including the authorization of: shared powers for all municipalities and counties, interlocal agreements, functional transfers, county delivery of urban services, alternative forms of county government, county general purpose service and taxing districts, city-county consolidation, local boundary commissions, and local and metropolitan government study commissions;

Functional Assignment Process

Creation of a state functional assignment policy and process to develop criteria for allocating functional responsibilities between state, regional and local levels, and to provide for the systematic review and reassignment of existing and new functions;

Substate Districts

Adoption of state laws strengthening and rationalizing districts, and giving designated areawide organizations of elected local officials not only the power to plan,

but also the authority to make binding decisions for the area and to undertake interjurisdictional and area-wide program operations when requested by member local governments;

State ACIR

Creation of a permanent state ACIR to review intergovernmental relations and to make recommendations to the state executive and legislative branches.

All of these recommendations call for state legislative action. However, in some cases - as in the establishment of a study commission or a state ACIR - more informal approaches may be used where some experience is seen as desirable before seeking legislative action. Such interim actions could be authorized by gubernatorial order or by agreement of local governments. In addition, many of these issues - particularly in the areas of state mandates, local government authority, and financial management - have been the subject of legislative hearings and study, and comprise major components of the legislative programs offered by state municipal leagues and associations of counties.

ACIR will continue its assistance efforts in those states which already have proposals under consideration, and to the extent feasible and practical, will work with state and local policymakers in developing new proposals appropriate for their jurisdictions. As previously noted, the majority of attention, by constitutional and statutory necessity, will be focused on the state legislative forum.

B. O. What is the ideal process for the implementation of ACIR recommendations at the federal and State/local levels?

A. The "ideal" process for the implementation of ACIR recommendations is a four part process and essentially is the same for work at the federal, state and local levels of government. The first step is the information stage in which ACIR's research is disseminated. This occurs through the mailing of reports, press releases, information bulletins, the quarterly magazine, and "In Brief" reports; through periodic press briefings; and frequent meetings between ACIR staff and interested groups and individuals.

The second step addresses the follow-up to requests dealing with this information. This might entail further elaboration of ACIR research, a clarification of our position, and the provision of additional material. At times, this follow-up work takes the form of education and training sessions sponsored

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by ACIR or held in conjunction with other organizations' activities and programs, such as the recent cooperative effort with the National Conference of State Legislatures in the area of state legislative oversight and appropriation of federal funds.

The third component involves work on a specific legislative or administrative proposal. The exact nature of this work is conditioned by the type of proposal and where in the legislative or administrative process the proposal is located. Staff efforts might entail drafting a bill or an administrative proposal, commenting on a proposed draft, assisting in briefings on such proposals, or offering testimony.

The fourth stage of the process focuses on monitoring the impact of a Commission recommendation once it is implemented In the tax and finance area, this impact - to a degree - is quantifiable. On functional and structural issues, on the other hand, staff must rely on more impressionistic data accumulated through subsequent research, press reports, and the staff's own network of contacts.

An important aspect of the ideal ACIR implementation process at all levels of government is the Commission's role as liaison between parties affected by any given intergovernmental issue or development. The ACIR is uniquely situated to identify like thinking parties, to encourage communication between such groups and, because of its independent status, to help air and mediate differences between opposing views. Each of these functions, carried out within the context of an advisory body, aids in building the consensus required for the success of each implementation effort.

9. Q. Are there any changes in ACIR's enabling legislation which would facilitate and strengthen ACIR implementation efforts?

   A. No

10. Q. Are there any procedural changes in the executive and legislative branches at the federal and State levels which would help ensure timely consideration, evaluation, and implementation of ACIR recommendations?

   A. Given the relatively small size of its staff, the ACIR must rely on other governmental units and organizations to help encourage consideration, evaluation, and implementation of the Commission's recommendations. The creation and continued support of bodies with an intergovernmental focus is an effort in which executive and legislative branches at all three levels of government can and should play a role. At the federal

level, one important change would be to strengthen the central management role of the Office of Management and Budget. If given the authority and adequate resources, the OMB could do much to coordinate and improve federal program administration and thereby enhance overall government performance. A second change would be to reinforce the position of the intergovernmental liaison officers within the federal agencies. This step would encourage the incorporation of an intergovernmental viewpoint in the major policy decisions of the given department or agency. A third needed action at the federal level is a thorough review of the Federal Regional Council system. Such a review should be carried out with the view toward either bolstering the Councils by providing real regional authority and the resources to attract qualified staff, or eliminating them and working strictly through the regional offices of individual departments and agencies. A clarified and consistent federal regional presence would do much to encourage and sustain continuity in intergovernmental relations, as well as providing a reliable conduit to the field for ACIR research and recommendations.

At the state level, the creation of state ACIRs or any of a number of variations on the study commission approach similarly would enhance ACIR's own implementation efforts. Additionally, the establishment or strengthening of legislative committees and units in the Governors' offices with specific responsibility for identifying, tracking, and helping to formulate intergovernmental policy would, we think, encourage more rational intergovernmental relationships and at the same time would afford the Commission staff dependable contacts for its implementation efforts.

Budget and Appropriations

1. Q. How much has been spent by the ACIR in each fiscal year since 1971?

   A. A detailed table showing the history and breakdown of ACIR's expenditures since 1973 is provided as attachment D . ACIR's budget request for FY 1982 continues the trend of below-consumer price index increases begun in 1973. ACIR's FY 82 request for $1,990,000 represents an 8.9% increase over the continuing resolution amount and pay cost supplemental for FY 1981, well below the estimated consumer price increase estimates of 11.4%. The request includes a GSA rent increase of $138,000 without which the increase is less than 3%. Over this ten-year period, ACIR's fixed costs have gone from 60.3% of appropriation to 88.7% of appropriation. What this indicates is that in real dollar terms, ACIR is doing more on fewer discretionary dollars. All additions to our budget over this period have gone either for Congressionally approved salary increases or mandated overhead charges from other agencies, primarily the General Services Administration.

2. Q. Does the ACIR employ funds from sources other than Congressional appropriations?

   A. The ACIR receives funds from various sources other than Congressional appropriations. The majority of these nonappropriated funds come from other federal agencies and support research that is beneficial both to ACIR and the sponsoring agency. In addition, ACIR has received small amounts of contract research funds from private nonprofit foundations such as the Ford Foundation. In each of these instances ACIR contracts to do specific research for a specific amount of funds.

   State contributions, honoraria, and reimbursements from state and local governments, organizations, and other nonprofit entities support the state-local services, coordination, and technical assistance activities of the ACIR. Actually, the Office of Management and Budget now assigns certain ongoing activities to the contributions account for funding, such as the ACIR magazine, the "In Brief" series of reports, and various special meetings involving not only the Commission, but the public in general.

3. Q. What is the appropriation process for the ACIR? How is the budget prepared? Does OMB review the budget? To which appropriations subcommittee is it referred? What has been the experience as between budget requests and the ultimate appropriation levels?

   A. The ACIR budget requests are prepared by the staff in accordance with general guidelines established by the Commission's Special Committee on Work Program and Budget and Staffing Levels. The executive director first outlines the general parameters and anticipated work program for the budget year. The work program is then detailed by each of ACIR's program sections: providing manpower, contract, and publication estimates. The budget and management officer then completes all components of the budget request submission, which are given a final review by the executive director who clears them with the Commission chairman.

   The budget is then submitted to the Office of Management and Budget. OMB then meets with the executive director and the budget and management officer, passing back OMB's final guidelines for appropriation, obligations, and outlays. This includes any changes in manpower levels as well.

ACIR then revises the budget, if necessary, to reflect the OMB determinations and prepares for hearings before the House and Senate Appropriation Committees' Subcommittees on Treasury, Postal Service, and General Government.

Budget hearings in the House have typically required more than an hour, and have concentrated on what ACIR is currently doing to improve the federal aid system and ameliorate other intergovernmental tensions. Senate hearings typically have been short and have concentrated on the budget figures.

In six of the last ten years the Congress has approved the ACIR request without alteration. In two of those years, governmentwide across-the-board cuts were applied to the Commission, and in one year the House cut the request by $50,000. A governmentwide across-the-board reduction of $57,000 was applied to ACIR's FY 1981 budget request by the House, and the reduced figure is contained in the continuing resolution in effect at this time.

4. Q. Has Congress appropriated additional amounts specifically designated to complete mandated studies?

   A. Yes, the Congress has, on four occasions, appropriated additional amounts over the normal ACIR budget request to finance mandated work. As indicated in the table of expenditures attached, Congress specifically appropriated funds for the interstate taxation of out-of-state depositories project, the full deposit insurance project, and about half the costs of the projects assigned under the renewal of General Revenue Sharing and the Public Works Employment Act of 1977.

   ACIR's general understanding with the Office of Management and Budget is that we will absorb at least part of the cost of Congressionally mandated projects when the subject is of prime intergovernmental significance.

   As with all funds appropriated to the Commission by Congress, any balances not used on the specific projects were returned to the Treasury. Over the six-year period since ACIR has been working on mandated work, $179,000 has been returned to the Treasury.

5. Q. What is the source of authorizations for ACIR appropriations? Is the ACIR affected by any sunset review process?

   A. ACIR appropriations are based on the authorization clause of P.L. 86-380, the act creating ACIR. That clause states that the Congress will appropriate "such sums as deemed necessary."

   There is no special sunset review process covering ACIR. However, ACIR, because it long ago recommended periodic Congressional review of federal grant programs, has urged that its own activities be subject to oversight hearings at five-year intervals. Some form of oversight, in varying depth, therefore, was undertaken near our five, ten, and 15-year milestones.

6. Q. Please provide a detailed breakdown of the ACIR budget for the past four fiscal years and for fiscal years 1981 and 1982 as proposed.

   A. The budget materials you have requested appear as attachment E and are drawn from the appropriate federal budget appendicies for the requested years.

7. Q. What portion of the ACIR budget is devoted to each of the following functions in the current fiscal year: (i) research and analysis, (ii) printing and publication, (iii) Commission activities, (iv) public participation and review, (v) implementation, and (vi) general and administrative.

   A. One the basis of ACIR's requests submitted to OMB through the zero-based budgeting process, the allocations of funds for those objects are:

      i. Research and analysis has funding of $1,064,000.
      ii. Printing and publication will utilize $153,000.
      iii. Commission costs will come to approximately $30,000, including travel.
      iv. Public participation and review is not an item that is broken out in the budget because each project has differing requirements. Some projects need critic, thinker, and public hearings, while others have no such requirements. The funds for all types of public participation and review are included in the research and analysis allocation.
      v. Policy implementation has been budgeted at $258,000.
      vi. General and administrative has been allocated the balance of $322,000 for FY 1981.

   The House reduced ACIR's FY 1981 budget request by $57,000 as part of an across-the-board action. Since the Senate never acted on our budget, that cut stands making this one of the tightest year's in ACIR's history. This is due to the large number of publications that will be produced in FY 1981. Originally, ACIR had alerted both OMB and the House that it might need a program supplemental for printing, but the Commission is attempting to fund these costs through its own resources.

ATTACHMENT A

ACIR COMMISSION MEMBERS - DECEMBER 1959 - JANUARY 1981

Private Citizens (3):

Abraham D. Beame (Chairman; New York; Dem.)	2/27/78 - Present
Mary Eleanor Wall (Illinois, Dem.)	2/4/80 - Present
Eugene Eidenberg (Washington, D.C.; Dem.)	1/20/81 - Present
Frank Bane (Chairman; Virginia; Dem.)	12/8/59 - 4/29/66
*Farris Bryant (Chairman; Florida; Dem.)	10/10/67 - 10/30/69
John E. Burton (New York; Rep.)	12/8/59 - 12/7/61
James K. Pollock (Michigan; Rep.)	12/8/59 - 12/7/61
Howard K. Bowen (Iowa; Dem.)	2/22/62 - 2/21/64
*Don Hummel (Arizona; Dem.)	2/22/62 - 2/21/64
Thomas H. Eliot (Missouri; Dem.)	4/30/64 - 4/29/66
Adelaide Walters (North Carolina; Dem.)	4/30/64 - 4/29/66
Dorothy I. Cline (New Mexico; Dem.)	3/18/67 - 1/6/70
*Price Daniel (Texas; Dem.)	3/18/67 - 10/9/67
Alexander Heard (Tennessee; Dem.)	3/18/67 - 10/30/69
Howard (Bo) Callaway (Georgia; Rep.)	10/30/69 - 5/15/73
Robert E. Merriam (Chairman; Illinois; Rep.)	10/30/69 - 12/6/78
Edward C. Banfield (Massachusetts; Dem.)	3/22/71 - 5/29/73
*Robert H. Finch (California; Rep.)	5/29/73 - 2/3/76
John H. Altorfer (Illinois; Rep.)	2/20/75 - 8/15/77
F. Clifton White (Connecticut; Rep.)	2/3/76 - 2/27/76
*Richard W. Riley (South Carolina; Dem.)	8/15/77 - 1/10/79
Bill G. King (Alabama; Dem.)	12/6/78 - 1/20/81

U.S. Senators (3):

William V. Roth (Delaware; Rep.)	2/18/75 - Present
Lawton Chiles (Florida; Dem.)	3/31/77 - Present
James R. Sasser (Tennessee; Dem.)	3/21/79 - Present
Sam J. Ervin,Jr. (North Carolina; Dem.)	12/8/59 -2/20/73
Karl E. Mundt (South Dakota; Rep.)	12/8/59 - 5/10/72
Edmund S. Muskie (Maine; Dem.)	12/8/59 - 3/13/77
Charles H. Percy (Illinois; Rep.)	5/11/72 - 2/18/75
*Ernest F. Hollings (South Carolina; Dem.)	2/20/73 - 3/31/77
William Hathaway (Maine; Dem.)	3/31/77 - 1/2/79

U.S. Representatives (3):

L. H. Fountain (North Carolina; Dem.)	12/8/59 - Present
Clarence J. Brown, Jr. (Ohio; Rep.)	2/5/73 - Present
Charles B. Rangel (New York; Dem.)	2/24/77 - Present
Florence P. Dwyer (New Jersey; Rep.)	12/8/59 - 1/2/73
Wilbur D. Mills (Arkansas; Dem.)	12/8/59 - 1/9/61
Frank Ikard (Texas; Dem.)	3/10/61 - 12/15/61
Eugene J. Keogh (New York; Dem.)	2/5/62 - 12/31/66
Al Ullman (Oregon; Dem.)	1/30/67 - 8/31/74
James C. Corman (California; Dem.)	3/12/75 - 3/1/76
Richard Vander Veen (Michigan; Dem.)	3/18/76 - 1/2/77

Served on the Commission in two capacities at different times

Members of the Federal Executive Branch (3):

Robert B. Anderson (Secretary of the Treasury; Rep.)	12/8/59 - 1/20/61
Arthur S. Fleming (Secretary of Health, Education and Welfare; Rep.)	12/8/59 - 1/20/61
James P. Mitchell (Secretary of Labor; Rep.)	12/8/59 - 1/20/61
C. Douglas Dillon (Secretary of the Treasury; Rep.)	3/15/61 - 3/26/65
*Abraham A. Ribicoff (Secretary of Health, Education and Welfae; Dem.)	3/15/61 - 7/12/62
Arthur J. Goldberg (Secretary of Labor; Dem.)	3/15/61 - 9/20/62
*Anthony J. Celebrezze (Secretary of Health, Education and Welfare; Dem.)	10/2/62 - 10/1/64
Robert C. Weaver (Secretary of Housing and Urban Development; Dem.)	10/10/62 - 10/9/64
Orville L. Freeman (Secretary of Agriculture; Dem.)	2/4/65 - 2/3/67
Henry H. Fowler (Secretary of the Treasury; Dem.)	5/11/65 - 12/20/68
*Farris Bryant (Chairman; Director of the Office of Emergency Planning; Dem.)	2/20/64 - 10/9/67
Ramsey Clark (Attorney General; Dem.)	3/18/67 - 1/20/69
*Price Daniel (Director of the Office of Emergency Planning; Dem.)	10/10/67 - 1/20/69
Robert P. Mayo (Director of the Bureau of the Budget; Rep.)	3/26/69 - 7/1/70
George H. Romney (Secretary of Housing and Urban Development; Rep.)	3/26/69 - 1/4/73
*Robert H. Finch (Secretary of Health, Education and Welfare; Rep.)	3/26/69 - 7/1/70
(Counselor to the President)	and 9/23/70 - 12/15/72
George P. Shultz (Director, Office of Management and Budget; Rep.)	9/23/70 - 6/12/72
(Secretary of the Treasury)	and 3/7/73 - 5/7/74
Kenneth R. Cole, Jr. (Assistant to the President for Domestic Affairs; Rep.)	12/16/72 - 12/13/74
Caspar W. Weinberger (Secretary of Health, Education and Welfare; Rep.)	3/7/73 - 8/10/75
James T. Lynn (Director, Office of Management and Budget; Rep.)	2/20/75 - 1/20/77
James M. Cannon (Assistant to the President for Domestic Affairs; Rep.)	4/15/75 - 1/20/77
Carla A. Hills (Secretary, Department of Housing and Urban Development; Rep.)	11/12/75 - 1/20/77
Thomas B. Lance (Director, Office of Management and Budget; Dem.)	4/1/77 - 9/21/77
W. Michael Blumenthal (Secretary of the Treasury; Dem.)	4/1/77 - 8/3/79
Juanita M. Kreps (Secretary of Commerce; Dem.)	4/1/77 - 10/31/79
James T. McIntyre (Director, Office of Management and Budget; Dem.)	4/14/78 - 1/20/81
Moon Landrieu (Secretary, Department of Housing and Urban Development; Dem.)	10/30/79 - 1/20/81
G. William Miller (Secretary of the Treasury; Dem.)	1/18/80 - 1/20/81

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*Served on the Commission in two capacities at different times

Governors (4):

Richard A. Snelling (Vermont; Rep.)	8/15/77 - Present
Bruce Babbitt (Arizona; Dem.)	10/23/78 - Present
*Richard W. Riley (South Carolina; Dem.)	3/23/79 - Present
John N. Dalton (Virginia; Rep.)	6/12/79 - Present
*Ernest F. Hollings (South Carolina; Dem.)	12/8/59 - 1/14/63
*Abraham A. Ribicoff (Connecticut; Dem.)	12/8/59 - 1/20/61
Robert E. Smylie (Idaho; Rep.)	12/8/59 - 4/29/66
William G. Stratton (Illinois; Rep.)	12/8/59 - 1/14/61
John Anderson, Jr. (Kansas; Rep.)	1/19/61 - 1/13/65
Michael V. DiSalle (Ohio; Dem.)	3/15/61 - 1/14/63
Carl E. Sanders (Georgia; Dem.)	3/13/63 - 1/10/67
Terry Sanford (North Carolina; Dem.)	3/13/63 - 11/12/63
John N. Dempsey (Connecticut; Dem.)	4/30/64 - 11/26/68
Nelson A. Rockefeller (New York; Rep.)	11/10/65 - 5/21/70
John A. Volpe (Massachusetts; Dem.)	3/18/67 - 4/11/67
Buford Ellington (Tennessee; Dem.)	3/18/67 - 1/16/71
James A. Rhodes (Ohio; Rep.)	5/23/67 - 4/30/68
Spiro T. Agnew (Maryland; Rep.)	7/5/68 - 1/7/69
Raymond P. Shafer (Pennsylvania; Rep.)	3/26/69 - 1/19/71
Warren E. Hearnes (Missouri; Dem.)	6/17/69 - 3/31/72
Ronald Reagan (California; Rep.)	5/22/70 - 5/21/72
Dale Bumpers (Arkansas; Dem.)	9/24/71 - 1/3/75
Richard B. Ogilvie (Illinois; Rep.)	9/24/71 - 1/8/73
Daniel J. Evans (Washington; Rep.)	3/7/73 - 1/12/77
Robert D. Ray (Iowa; Rep.)	5/29/73 - 5/28/76
Richard F. Kneip (South Dakota; Dem.)	3/31/74 - 7/24/78
Philip W. Noel (Rhode Island; Dem.)	2/20/75 - 1/3/77
Otis R. Bowen (Indiana; Rep.)	5/6/76 - 6/12/79
Reubin O'D. Askew (Florida; Dem.)	8/15/77 - 1/2/79

State Legislators (3):

Fred E. Anderson (Colorado; Senate; Rep.)	4/14/78 - Present
Leo T. McCarthy (California; House; Dem.)	6/12/79 - Present
Richard Hodes (Florida; House; Dem.)	1/17/81 - Present
Elisha Barrett (New York; Senate; Rep.)	12/8/59 - 3/2/60
Leslie Cutler (Massachusetts; Senate; Rep.)	12/8/59 - 12/7/61
John W. Noble (Missouri; Senate; Dem.)	12/8/59 - 1/2/61
Hal Bridenbaugh (Nebraska; Senate; Rep.)	3/31/60 - 3/30/62
Robert A. Ainsworth, Jr. (Louisiana; Senate; Dem.)	6/15/61 - 10/30/61
Robert B. Duncan (Oregon; House; Dem.)	2/22/61 - 1/14/63
John E. Powers (Massachusetts; Senate; Dem.)	2/22/62 - 2/21/64
Graham S. Newell (Vermont; Senate; Rep.)	8/1/62 - 7/31/64
Harry King Lowman (Kentucky; House; Dem.)	3/13/63 - 12/31/63
Marion H. Crank (Arkansas; House; Dem.)	4/30/64 - 4/29/66
Charles R. Weiner (Pennsylvania; Senate; Dem.)	4/30/64 - 2/29/66
C. George DeStefano (Rhode Island; Senate; Rep.)	2/4/65 - 1/7/69
Ben Barnes (Texas; House; Dem.)	3/18/67 - 1/14/69
Jesse M. Unruh (California; House; Dem.)	3/18/67 - 10/30/69

*Served on the Commission in two capacities at different times

W. Russell Arrington (Illinois; Senate; Rep.)	3/26/69 - 1/9/73
Robert P. Knowles (Wisconsin; Senate; Rep.)	3/26/69 - 1/3/77
B. Mahlon Brown (Nevada; Senate; Dem.)	10/30/69 - 4/15/74
Charles F. Kurfess (Ohio; House; Rep.)	5/29/73 - 4/14/78
John H. Briscoe (Maryland; House; Dem.)	4/15/74 - 10/10/79
Martin O. Sabo (Minnesota; House; Dem.)	8/15/77 - 1/3/79
Jason Boe (Oregon; Senate; Dem.)	10/11/79 - 1/11/81

Mayors (4):

Tom Moody (Columbus, Ohio; Rep.)	8/10/76 - Present
Richard E. Carver (Peoria, Illinois; Rep.)	4/14/78 - Present
John P. Rousakis (Savannah, Georgia; Dem.)	4/14/78 - Present
Richard Hatcher (Gary, Indiana; Dem.)	1/17/81 - Present
*Anthony J. Celebrezze (Cleveland, Ohio; Dem.)	12/8/59 - 7/27/62
Gordon S. Clinton (Seattle, Washington; Rep.)	12/8/59 - 3/2/62
*Don Hummel (Tucson, Arizona; Dem.)	12/8/59 - 12/4/61
Norris Poulson (Los Angeles, California; Rep.)	12/8/59 - 6/30/61
Richard Y. Batterton (Denver, Colorado; Rep.)	2/22/62 - 6/30/63
Leo T. Murphy (Santa Fe, New Mexico; Dem.)	2/22/62 - 4/30/62
Neal S. Blaisdell (Honolulu, Hawaii; Rep.)	8/1/62 - 1/2/69
Arthur Naftalin (Minneapolis, Minnesota; Dem.)	8/1/62 - 6/17/69
Raymond R. Tucker (St. Louis, Missouri; Dem.)	10/10/62 - 10/9/64
Arthur L. Selland (Fresno, California; Rep.)	8/27/63 - 12/5/63
Herman W. Goldner (St. Petersburg, Florida; Rep.)	4/30/64 - 4/29/66
Richard C. Lee (New Haven, Connecticut; Dem.)	5/11/65 - 5/10/67
Theodore R. McKeldin (Baltimore, Maryland; Rep.)	3/18/67 - 12/4/67
Jack D. Maltester (San Leandro, California; Dem.)	5/23/67 - 4/18/78
William F. Walsh (Syracuse, New York; Rep.)	12/29/67 - 12/28/69
Richard G. Lugar (Indianapolis, Indiana; Rep.)	3/26/69 - 12/31/75
C. Beverly Briley (Nashville, Tennessee; Dem.)	6/17/69 - 4/15/74
Lawrence F. Kramer, Jr. (Paterson, New Jersey; Rep.)	5/22/70 - 10/14/71
Harry G. Haskell, Jr. (Wilmington, Delaware; Rep.)	3/31/72 - 1/1/73
John D. Driggs (Phoenix, Arizona; Rep.)	5/29/73 - 12/31/73
Edwin J. Garn (Salt Lake City, Utah; Rep.)	4/15/74 - 12/31/74
John H. Poelker (St. Louis, Missouri; Dem.)	4/15/74 - 4/19/77
Harry E. Kinney (Albuquerque, New Mexico; Rep.)	11/12/75 - 12/1/77
Thomas Bradley (Los Angeles; California; Dem.)	4/14/78 - 1/16/81

County Officials (3):

Doris W. Dealaman (Somerset County, New Jersey; Rep.)	11/8/76 - Present
Lynn G. Cutler (Vice Chair; Black Hawk County, Iowa; Dem.)	8/15/77 - Present
Roy Orr (Dallas County, Texas; Dem.)	1/17/81 - Present
Edward Connor (Wayne County, Michigan; Dem.)	12/8/59 - 4/29/66
Clair Donnenwirth (Plumas County, California; Dem.)	12/8/59 - 7/22/65

*Served on the Commission in two capacities at different times.

Edwin G. Michaelian (Westchester County, New York; Rep.)	12/8/59 - 12/7/61 and 6/17/69 - 12/31/73
Barbara A. Wilcox (Washington County, Oregon; Rep.)	10/10/62 - 4/5/66
Angus McDonald (Yakima County, Washington; Rep.)	4/28/67 - 6/16/69
Gladys N. Spellman (Prince Georges County, Maryland; Dem.)	4/28/67 - 6/13/70
John F. Dever (Middlesex County, Massachusetts; Dem.)	1/24/68 - 5/21/70
Lawrence K. Roos (St. Louis County, Missouri; Rep.)	6/17/69 - 12/20/74
Conrad M. Fowler (Shelby County, Alabama; Dem.)	5/22/70 - 1/17/77
John H. Brewer (Kent County, Michigan; Rep.)	4/15/74 - 11/8/76
William E. Dunn (Salt Lake County, Utah; Rep.)	5/29/75 - 4/14/78
William O. Beach (Montgomery County, Tennessee; Dem.)	1/22/66 - 1/23/68 and 4/14/78 - 9/17/80

ATTACHMENT B

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Interagency Contract Research

Project Title	Funding Agency
Federal Assistance Roundtables	Various
State and Local Financial Management Improvement	Housing and Urban Development
State Assistance to Distressed Communities	Housing and Urban Development
Fiscal Management of Federal Pass-Through Grants	Housing and Urban Development
Payments In Lieu of Taxes in Urban Areas	Housing and Urban Development
Federal Role in the Federal System	Housing and Urban Development
State Aid to Local Governments	Housing and Urban Development
Payments In Lieu of Taxes on Forest Lands	Agriculture
Categorical and Block Grants	Health, Education, and Welfare
Criminal Justice	Justice
State Mandates	Housing and Urban Development
Model State Legislation	Housing and Urban Development
Substate Regionalism	Housing and Urban Development
State-Local Assignment of Functions	Health, Education, and Welfare
Metropolitan Transportation	Transportation
50-State Water Quality Model	National Commission on Water Quality
Revenue Sharing Monitoring	Domestic Council

ATTACHMENT C

SUMMARY OF ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS RECOMMENDATIONS

Adopted 1970 - January 1981

I. GOVERNMENT STRUCTURE AND PROCESSES - GENERAL

The Legislative Branch

State legislatures, by enacting or amending administrative procedures statutes, should require publication of proposed rules and regulations, the maintenance of current codifications of all rules and regulations presently in effect, and periodic reassessment thereof. (State-local functions report, forthcoming)

The Executive Branch

State constitutional amendments or legislation should be adopted that substantially reduce the use of boards and commissions for the administration of "line agency" functions. (State-local functions report, forthcoming)

Governors and legislatures should reassess the role and relevance of state regulatory and licensing boards and commissions and eliminate those not needed; and in the case of those that are still needed, take steps toward enhancing the impartiality of their quasi-judicial functions and the efficiency and effectiveness of their administrative activities including eliminating duplicative state-local licensing and regulation. (State-local functions report, forthcoming)

Governors and legislatures should join in converting the state A-95 review and comment process into an integral component of state planning and budgeting. (State-local relations report, forthcoming)

The Judicial Branch (see also Law Enforcement)

COURTS

States should establish simplified, unified court systems consisting of a supreme court, intermediate courts of appeal, general trial courts and special subdivisions of general trial courts performing duties of courts of limited jurisdiction; should abolish the office of justice-of-peace or substantially overhaul it. (Report A-38, 1971)

The state supreme court should provide overall supervision for the court system, using uniform rules of practice and procedure; all states should provide for an administrative office of the state courts, headed by professional administrators; and should encourage establishment of administrative offices for general trial courts of large urban areas. (Report A-38, 1971)

States should assume full responsibility for financing state and local courts. (Report A-38, 1971)

State-federal judicial councils should be established to explore problems of joint concern, including review of post conviction petitions. (Report A-38, 1971)

JUDGES

States and local governments should use the Missouri "Merit Plan" to select judges; states should establish California-type commissions on judicial qualifications for their discipline and removal; and states and localities should require judges to retire at age 70. (Report A-38, 1971)

States should require all judges to be licensed to practice law in the state and devote full time to their judicial duties. (Report A-38, 1971)

Assignment of judges should be flexible to make maximum use of their time. (Report A-38, 1971)

Multi-State Regionalism

Federal-multistate regional instrumentalities created pursuant to the Appalachian Regional Development Act, Title V of the Public Works and Economic Development Act of 1965, Title II of the Water Resources Planning Act of 1965 and the Delaware and Susquehanna River Basin Compacts should be retained pending further experience and study. 1/ (Report A-39, 1972)

The states should continue to initiate and Congress consent to interstate compacts. In the drafting stages of new compacts, states should consider expanding their scope to avoid proliferation. (Report A-39,1972)

Federal-State-Local Relations

(See also State-Local Relations and Grants-in-Aid)

DECONGESTING THE FEDERAL SYSTEM

Congress and the President, in consultation with the state and local governments, should (1) reexamine federal, state, and local roles in, and contributions to, the principal functional areas of public policy, including assessments of desirability of fully nationalizing some functions while reducing, eliminating, or forestalling federal involvement in others; (2) assess the

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1/ Gov. Hearnes dissents, Sen. Muskie concurs in separate statement.

interrelationships among the full range of programs in each policy field; (3) consider the possible use f instruments other than grants-in-aid to realize national objectives; and (4) reduce the number of federal grant programs very substantially by pursuing a combined strategy of assuming full federal responsibility for programs meeting basic human needs -- income security, jobs, housing, food, and medical attention -- with consolidation or termination of grants in other fields. 1/ (Report B-4, 1980)

The Congressional Budget Act of 1974 should be amended to require a fiscal impact report to be prepared and submitted by the Congressional Budget Office for each bill and resolution reported out of Committee, which would impose costs on state and local governments. (Report B-4, 1980) 2/

Congress should enact legislation requiring federal departments and agencies to prepare and make public a detailed analysis of the economic and noneconomic effects likely to result from any major new rule they may propose. (Report B-4, 1980)

The President should be given statutory authority to suspend temporarily national policies applying across-the-board to the federal assistance programs when it is found that they are excessively burdensome. The President should be required to propose remedial legislation to Congress early in the suspension period. (Report B-4, 1980)

Political parties, Congress, and the state legislatures should take steps to (a) strengthen the parties as intergovernmental and citizen forums for the regular shaping of major public policies, (b) strengthen party leadership so that it can help discipline the federal system, and (c) reassert party discipline in the Presidential primaries. (Report B-4, 1980) 3/

In order to strengthen the autonomy of state and local governments in the federal system, the elected officials at these levels should support separately and jointly the streamlining of the federal grant system, and establish a legal defense organization to monitor and institute legal action opposing "coercive" conditions attached to federal grants and "intrusive" Congressional exercise of the commerce power. The states should assure that all local governments have adequate taxing authority and/or state financial assistance to perform the services for which they are responsible, as well as adequate structure

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1/ HUD and OMB did not support the identification of specific programs.

2/ OMB cautioned against requiring federal reimbursement of such costs.

3/ HUD and OMB abstained.

and supervision to assure proper fiscal management and accountability. (Report B-4, 1980) 1/

Educators, the media, and public officials at all levels should stress the concept of constitutional federalism and the constraints which limit the role of the government. A convocation should be convened at which the President, leaders of Congress, governors, state legislators, county officials, mayors, and private citizens should work out an agenda for intergovernmental reform in the 1980s. (Report B-4, 1980) 2/

Congress should enact legislation establishing guidelines for holding a Constitutional convention -- should one be invoked by petition from the states. (Report B-4, 1980) 3/

STRENGTHENING STATE AND LOCAL GOVERNMENTAL STRUCTURE

(1) Policymakers and the public alike should give balanced attention to the structural and areal traits of state and local governments when they focus on the fiscal and functional challenges confronting these governments; (2) federal decisionmakers should recognize that federal aid is no substitute for governmental reorganization, where needed, and should weigh the implications of an aid system which with its conditions has strengthened agenct autonomy within recipient subnational general governments, encouraged the proliferation of "paragovernments" within and around cities and counties, strengthened certain types of special districts and authorities, spawned an array of single functional regional planning bodies above the county level, frequently ignored the differing fiscal/functional assignment patterns within the 50 systems, and frequently weakened generalists and general governments; and (3) states, as the prime architect of the financial, functional, areal, and organizational structures of their localities and as the prime recipients of federal aid and of many negative structural and organizational side-effects of such aid, should in their own dealings with their local governments give more even-handed attention to the many mismatches that have emerged at the substate level as a result of their avoidance of the local structural question. (State-local functions report, forthcoming)

State-Local Relations
(See also subject heads)

GENERAL

States should increase local discretionary authority by amending their constitutions to (a) grant to general purpose local governments all powers not expressly reserved or preempted by the legislature,

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1/ OMB abstained.

2/ OMB abstained.

3/ OMB abstained.

(b) require the legislature to establish a "code of restriction" specifying the powers expressly reserved or preempted, (c) stipulate liberal interpretation of the grants of local discretionary authority by the courts, (d) limit the use of special legislation, and (e) require the legislature to maintain a local government code. 1/ (State-local functions report, forthcoming)

States should provide for a broadly representative permanent Advisory Commission on Intergovernmental Relations to study and report on the current pattern of local government structure; the powers and functions of local governments and substate regional bodies; intergovernmental relations in the state; allocation of state-local fiscal resources; role of the state as the creator of local government and substate regional systems; special problems in interstate areas. (Report A-44, 1974)

ASSIGNMENT OF FUNCTIONS

States should establish an on-going policy for a more systematic assignment of functions among state, local and areawide units of government. It should authorize the state ACIR or similar agency, to: formulate general criteria for assigning new public services and reassigning established or expanded ones; develop specific functional classification standards for determining the state, areawide or local nature of a function; prepare an intergovernmental impact statement concerning any state or locally developed assignment or federal proposal affecting state or local delivery systems; recommend appropriate action for the assignment of new functions or reassignment of established or expanded functions. The federal government should recognize these assignments for all federal aid. OMB should modify A-95 to take into account intergovernmental impact statements pursuant to assignment or reassignment of functions within a state. (Report A-45, 1974)

State legislatures should establish a sunset procedure whereby every state program is reviewed periodically to determine whether its functions and subfunctions should be continued, terminated, transferred to political subdivisions, or expanded by assuming parallel functions currently being performed by political subdivisions. (State-local functions report, forthcoming)

State legislatures should establish a procedure requiring that fiscal notes include a statement on the impact of proposed new legislation on the state-local assignment of functions. (State-local functions report, forthcoming)

1/ Gov. Dalton dissents.

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States should establish a comprehensive local government structure and functions policy that: (a) sets specific standards for assessing the structural functional, fiscal geographic viability of all existing and proposed local governments; and for governing the orderly and equitable extension of municipal boundaries to embrace unincorporated territory; (b) establishes a broadly representative local government boundary commission at the state and/or local level with powers to oversee implementation of statutory standards; recommend modification of substate district boundaries or individual county boundaries; monitor and facilitate municipal annexations of adjacent unincorporated areas; develop "spheres of influence" or "staged expansion limits" that delimit ultimate boundaries of existing municipalities. (Report A-44, 1974)

The states should require units of local government located in substate regions every ten years or when three or more large special districts have emerged in a region to establish a representative areawide commission to study the current structural, functional, and fiscal relationships of local governments and substate regional organizations and to report on possible reorganizations. If the commission recommends reform(s), the state legislature, on petition, shall require a referendum to be held on any of the reform proposal(s), and enact necessary legislation to authorize implementation of such proposals as are approved by the voters. 1/ (State-local functions report, forthcoming)

Substate Regionalism
(See also Special Districts and Transportation)

The federal government shall enunciate a comprehensive policy for all federal grant programs with substate regional planning, administrative and districting components. The policy should, at a minimum: (a) rely on official umbrella multi-jurisdictional organizations (UMJOs) for all federal grants with an areawide component (OMB to designate the body if other methods fail); 2/ (b) encourage all states to adopt a substate districting system; (c) enact legislation that consolidates all areawide planning requirements to make use of UMJOs, focus on substate districts and link comprehensive and functional planning; (d) enact a consolidated aid program for UMJOs with bonus for states that buy into it; (e) amend the Intergovernmental Cooperation Act of 1968 to name UMJOs the A-95 review agency and to require that all major capital facilities projects with an areawide impact be consistent with UMJOs plans; 3/ (Report A-43, 1973 and State-local functions report, forthcoming) (f) continue to utilize an appropriate portion of HUD's Section 701 grant program for the general support of the nation's approximately 600 state and areawide A-95 clearinghouses and also establish a procedure

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1/ Gov. Dalton dissents.

2/ Gov. Evans dissents on bracketed portion.

3/ Gov. Evans dissents in part.

through OMB's apportionment process for reimbursing state and areawide A-95 clearinghouses for expenses incurred under the circular from existing appropriated substate regional planning assistance programs; (g) initiate a more energetic and imaginative administration of Title IV of the Intergovernmental Coopertaion Act of 1968 and OMB Circular A-95, especially its Part IV concerning the coordination of planning in multi-jurisdictional areas, and expand the circular to require federal agencies to ensure consistency of reviewed projects with applicable federal policies as well as with state and areawide plans and policies. (State-local functions report, forthcoming)

States should enact a consistent policy for substate districting which should: 1/ (a) establish a formal procedure for delineating substate regional boundaries, which involves the participation of general purpose local governments. The governor should designate a single umbrella multi-jurisdictional organization (UMJO) in each region; (b) require all state agencies to use the officially designated UMJO when substate regions are called for; (c) provide for a membership formula requiring that all local units in the region belong to the UMJO, that at least 60% of the membership be elected local officials and that the state have some representation on the body; (d) establish a dual voting formula applying the one-government, one-vote principle in most matters, but permitting any local constituent jurisdiction to bring about a proportionate or population-weighted voting procedure on certain issues; (e) authorize each UMJO to adopt and publish regional plans and a program for their implementation; make systematic inputs into state planning and budgeting; act as the A-95 clearinghouse; review and resolve the inconsistencies between adopted regional policies and proposed major intra-regional state capital facilities projects to be undertaken within the district and between regional policies and major locally-funded capital facility projects having an areawide impact; exert a policy-controlling role over the operations of special districts and authorities with multi-jurisdictional impact within the area; and promote mutual problem solving by serving as the administrator of interlocal contracts; (f) authorize the UMJOs to assume operating responsibility subject to approval of a majority of member units of general local government representing at least 60% of the area's population; 2/ (g) provide for ongoing financial assistance to UMJOs; and (h) authorize the governor to veto actions of an UMJO which conflict with officially adopted state plans or those of another UMJO. (Report A-43, 1973 and State-local functions report, forthcoming)

State legislators should meet with UMJOs and, where feasible, become members and involve themselves in UMJO activities. (Forthcoming)

1/ Sec. Weinberger abstained.

2/ Sen. Brown, Rep. Kurfess, Mayor Lugar dissent to extraordinary majority.

The federal government, the states, and localities should agree on boundaries of interstate metropolitan areas and establish a single umbrella multi-jurisdictional organization in each one. (Report A-43, 1973 and State-local functions report, forthcoming)

Cities and counties should support the establishment of umbrella multi-jurisdictional organizations and participate in their activities; provide financial contributions; use UMJOs in interlocal contracting; use UMJO plans as a guideline in local planning; and require their representatives on the boards of any multi-jurisdictional special district or authority to seek designation of the UMJO as the policy board of such district or authority. (Report A-43, 1973)

If a state fails to develop a comprehensive substate regional policy but a majority of counties and cities accounting for a majority of the population within a substate region petition for the establishment of an umbrella multi-jurisdictional organization, with the approval of the governor, Congress, and the President such organization should be treated as an UMJO by the federal government. (Report A-43, 1973)

States should permit, subject to referendum, the establishment of governmental units capable of providing areawide services, including multi-county consolidation; city-county consolidation; the modernized county; conversion of an UMJO to a general purpose government; the right to create a regional service operation subsuming all existing and proposed areawide special districts. Regional home rule referenda could be initiated by: resolution of one or more units of general local government; petition; direct action by the state legislature. (Report A-44, 1974)

Interlocal Relations

States should require counties with unincorporated municipalities contiguous to such areas within a specified time to develop effective planning, zoning, and subdivision regulations or the state should assume the responsibility. (Report A-44, 1974)

States should establish a program of state technical and fiscal assistance to counties and municipalities for management feasibility studies on transferring and consolidating functions; and extraordinary initial costs incurred in action transfers of consolidations. (Report A-44, 1974)

States, through a local government boundary commission, other state agency, or the legislature, should establish standards for local government viability (a) by requiring any local government, in the urbanized portion of an SMSA, to have the equivalent of at least one full-time employee, or, (b) by requiring general purpose units to perform at least four functions, or only two functions, provided that each of the two constitutes at least 10% of the jurisdiction's current expenditure budget. If either of these standards is not met, the state, after offering adequate opportunity for a hearing for the affected local government(s), shall consider dissolving the local government and providing for the transfer to and performance of its functions by (an) appropriate unit(s) of general local government. (State-local functions report, forthcoming)

States should authorize the consolidation of two or more municipalities, towns, or townships, when initiated by a resolution of the governing bodies of the cities, towns, or townships affected or by petition of the citizens therein and approved in a referendum at the next election by simple concurrent majorities in the governments involved. (State-local functions report, forthcoming)

Counties

States should amend their constitutions, where necessary, and enact legislation authorizing and providing incentives for the modernization of county government, including (a) a statutory rather than a constitutional basis for county officers; (b) an elected or appointed chief executive, reduction of the number of elected administrative officials, an executive budget process, and development of planning, zoning, and subdivision regulations for their unincorporated territories; (c) county performance of municipal-type functions, with the taxing power of the county for such functions restricted to the area served, when (1) a countywide or less than countywide special district performs the service, (2) the public expresses through a referendum a preference for county performance of the service, or (3) there is a finding by the county governing body and the governing body of the concerned municipality or the governing bodies of a majority of the municipalities concerned, that such performance is in the interest of citizen convenience, fiscal equity to taxpayers, and more effective delivery of the service; and (d) adequate fiscal resources and diversification of the county revenue base. (Report A-44, 1974, and State-local functions report, forthcoming)

States should provide [additional] county structureal reforms options, that include: (a) empowering the governing bodies of contiguous counties within substate regions to consolidate identical or comparable county offices and functions; (b) authorizing the governing bodies of contiguous counties within substate regions to execute a multi-county consolidation, subject to a simple concurrent majority of the votes in a referendum in each of the counties encompassed in the proposed merger; and (c) a delineation of uniform procedures for transferring functions between and among municipalities, counties, and multi-county regional bodies including officially designated umbrella multi-jurisdictional organizations. (Report A-44, 1974).

Citizen Participation

Governments at all levels should provide sufficient authority, responsibility, resources, commitment, and leadership for effective citizen participation in their own directly administered activities, exercising caution to maintain the basic responsibilities and authority of elected officials and avoid distortions in the representativeness of participation processes. Several specified minimum provisions should be reflected in state law, local government and regional organization charters, and federal law. (Report A-73, 1980)

Congress and the President should enact legislation establishing general citizen participation policies to be applied consistently throughout the federal aid system. These policies should encompass several enumerated features to be administered under the supervision of a single designated Executive Branch agency. With few exceptions, conflicting participation provisions in individual programs should be repealed. 1/ (Report A-73, 1980)

1/ Rep. Fountain dissented on the specified method of repeal recommended.

II. TAXATION AND FINANCE - GENERAL

Finance

CONTROLLING FEDERAL FISCAL GROWTH

The Congress and the President should see to it that incremental approaches to impose a greater measure of fiscal discipline into the federal budgetary process are given a "fair trial." These approaches include federal spending reform measures such as grant consolidation as well as revenue measures such as enactment of legislation indexing the individual income tax. (Commission resolution, December 1979.) (See also income tax--indexation.)

COUNTERCYCLICAL POLICY

The President, with state and local government officials, should develop a cooperative anti-inflation policy. (Report A-69, 1978) (See fiscal-management.)

The President, when pursuing a policy of wage and price restraint for the private sector, should urge state and local officials and public employee union leaders to accept a commensurate wage restraint policy for personnel compensation in their jurisdictions. (Report A-69, 1978)

Congress should initiate a flexible and permanent counter-cyclical aid program by making permanent the Anti-Recession Fiscal Assistance Program and by:

(a) removing the 6% national unemployment cut-off provision while retaining an authorization for a quarterly appropriation which would increase as the national unemployment rate rises and decrease as the rate falls;

(b) helping communities with long-term (secular) unemployment by allowing them to continue to receive ARFA funds until their unemployment rates fall below a designated national unemployment rate; and

(c) insuring that funds for a recipient jurisdiction automatically increase as unemployment rates rise and decrease as unemployment rates decline.1/ (Report A-69, 1978)

1/ Blumenthal, Brown, Fountain, Merriam, and Snelling dissent.

Congress should make permanent the present public service counter-cyclical jobs program and the Local Public Works Program by:

(a) providing a fixed authorization for each of these two programs that would automatically be appropriated if the national unemployment rate reaches a designated national unemployment rate;

(b) increasing the national authorization and appropriation by a stated amount each quarter for each 0.5% by which the national unemployment rate exceeds a designated national unemployment rate; and

(c) insuring that the new funds for the programs and for all recipient jurisdictions automatically increase as unemployment rates rise and decrease as unemployment rates decline.1/ (Report A-69, 1978)

STATE MANDATES ON LOCAL GOVERNMENT

State legislative and executive branches, or both jointly, should catalogue existing state-initiated mandates and estimate costs imposed on local governments by all new mandates at the conclusion of each legislative session. The catalogue should include the cost of mandates resulting from federal and court initiatives as well. (Report A-67, 1978)

State legislative and executive branches, or both jointly, should examine past and newly proposed mandates to develop an orderly system of state-local relations. (Report A-67, 1978)

State legislative and executive branches should assure that the statewide policy objective of any mandate on local government is clearly specified prior to its adoption. (Report A-67, 1978)

States with tax or spending limits should either reimburse local governments for all new state mandates or exempt from the limits all state mandates, including judicial actions, resulting in local cost increases. (Report A-67, 1978)

States should share in the costs of new programs or enhanced service levels for such highly intergovernmental functions as education, health, highways, and welfare, particularly where (a) the local share of state-local expenditures is above average and/or (b) where local revenue powers are restricted and/or (c) where state aid to local government

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1/ Blumenthal, Brown, Fountain, Merriam, and Snelling dissent.

is below average, and should fully fund state mandates affecting local retirement systems and local employee working conditions. (Report A-67, 1978) (See also Pensions.)

States should adopt a fiscal note process to estimate the costs of proposed mandates and designate a state agency to resolve local government claims arising from inadequate state funding, or misunderstanding, or lack of information about the mandate when adopted. (Report A-67, 1978)

States should keep to a minimum the mandating of terms and conditions of local public employment. All state-proposed mandates involving employee compensation, hours, working conditions, and employee qualifications require full state reimbursement. State mandates affecting personnel qualifications for local employees in state-aided programs do not require reimbursement. (Report A-67, 1978)

PENSIONS

States should strictly regulate locally-administered retirement programs or, alternatively, they should be consolidated into a single state-administered system. At a minimum, states should require substantial funding for all local systems based on a reliable computation of full funding requirements. (Report A-42, 1973, Report A-67, 1978, and Report A-71, 1980)

States should fully finance their mandates that increase retirement benefit levels and costs beyond widely accepted tests of reasonableness. (Report A-67, 1978, and Report A-71, 1980)

The federal government should not regulate state and local retirement systems. (Report A-71, 1980)

Congress should exempt state and local retirement systems from all requirements in the Employee Retirement Income Security Act of 1974 and contribution and benefit limitations in Sections 415A of the Internal Revenue Code. (Report A-71, 1980)

Congress should amend the Internal Revenue Code so that state and local retirement systems are not required to conform to the nondiscrimination qualification in order to receive "qualified" tax treatment in the future. (Report A-71, 1980)

Congress should resist pressures to mandate compulsory social security coverage of state and local employees and should keep the option open for states and localities to withdraw from social security. (Report A-71, 1980)

Each state should establish a permanent state-local pension commission with authority and resources to analyze properly the problems of state and local retirement systems on an ongoing basis and to make recommendations for state and local action aimed at resolving these problems. (Report A-71, 1980)

Any state which does not have adequate reporting and disclosure of retirement system information should obtain a comprehensive initial accounting and evaluation of the funding and benefit characteristics of all state and local retirement systems within the state. (Report A-71, 1980)

Taxation

GENERAL ADMINISTRATION (See also grants-in-aid, data needs.)

State governments should permit general purpose local governments to diversify their revenue structures by levying either a local sales tax or a local income tax or both provided that the states insure creation of a coordinated system by:

(a) providing a uniform local tax base conforming to that of the state if the state imposes the levy;

(b) collecting and administering the local income or sales tax and designating or creating a state agency to administer the local tax if the state does not impose such a levy;

(c) encouraging universal or widespread coverage by (1) mandating a minimum local level and permitting counties and cities of over 25,000 population to choose a rate above this subject to a specified maximum, or (2) giving first option to adopt the tax to the local government of widest jurisdictional reach with sharing provisions for municipal governments. If the larger unit does not adopt the tax, authority to adopt local sales and income taxes should also be extended to cities with populations of at least 25,000;

(d) using the point of sale rule for determining sales tax liability and prohibiting local use taxes on in-state purchases;

(e) permitting local flexibility by specifying a wide range of tax rates;

(f) minimizing local fiscal disparities by adopting an equalizing formula for distribution of local nonproperty tax revenues among units within the local authority of widest jurisdictional reach and using new or existing state programs of general support for equalizing among local taxing authorities of the widest jurisdictional reach;

(g) specifying arrangements for sharing taxes on earned income by nonresidents between tax levying jurisdictions of residence and employment. (Report A-47, 1974)

LOCAL TAX AND SPENDING LIDS

States should use local property tax limits only if the state provides local jurisdictions effective access to local nonproperty tax revenue sources or if the state shares revenue with local jurisdictions on an unconditional basis so that local governments maintain sufficient revenue capacity to meet public demands.1/ (Report A-64, 1977)

States should limit the use of state-imposed local tax controls to temporarily stabilize local property taxes or tax rates at a lower level. Such limites are appropriate:

(a) for a limited period when a state introduces a major new program of local financial aid for the purpose of providing greater fiscal equalization and/or property tax relief, or

(b) for the immediate transition period when a state orders a major increase in real property assessments.

In either instance, states should make allowances in limits for changes in local expenditures resulting from administrative, legislative, or judicial mandates or from appropriate reasons determined by the designated state agency. (Report A-64, 1977)

FULL DISCLOSURE

Local governments should adopt, or be required to adopt, a full disclosure policy which requires, in advance of public hearings, the preparation and dissemination of an analysis of revenue changes attributed to local property tax rate revisions as well as those which result from property assessment reevaluation or other nonlegislative actions. (Report A-64, 1977)

1/ Knowles dissent.

States and local general governments should provide summary information on their budgets to the general public and provide adequate advance notice of a public hearing where citizens could make their views known. (Commission Resolution, December 1974)

States should include, with all major state legislation and proposed administrative regulations affecting local government revenues or expenditures, an explicit note setting out the fiscal impact of that legislation on those local governments. (Report A-64, 1977)

INTERSTATE TAX COMPETITION

The President and Congress should reject any proposal to change the federal income tax deductibility of major state and local taxes that does not at the same time retain the protection which deductibility provides against unbridled interstate tax competition. (Report A-76, 1981)

PROPERTY (See also education: financing.)

States should retain responsibility for shaping policies dealing with general property tax relief and intrastate school finance equalization. A massive federal effort to cut the residential property tax substantially and to encourage states to assume most of the cost for financing local schools is neither necessary nor desirable. (Report A-40, 1973)

States should help localities finance the cost of relieving any undue local property tax burden on low income families. (Report A-40, 1973)

States should carefully review and recodify assessment laws to remove ambiguities, inconsistencies and other weaknesses. They should make a thorough reevaluation of all regulatory and partial tax exemption provisions with an eye toward consistency with sound policy. Unless a local assessor has adequate means to audit self-assessed personal property, the states should assess it or the tax should be abolished. States should eliminate all constitutional and statutory requirements for fixed assessment levels except for specifying a minimum assessment ratio (in relation to market value) below which "assessment" may not drop. For equalization and measurement, state supervisory agencies should conduct an annual assessment ratio study to determine an average level of assessment in each assessment district to provide the basis for tax equalization; and to use market value figures as the basis for all regulatory and partial tax exemption provisions. States should establish minimum assessment performance standards and provide--at district expense--state assessment in districts that do not meet the minimum. (Report A-40, 1973)

INCOME

Congress should enact legislation requiring the federal government at the request of the local government to withhold local income tax payments from federal employees who either reside in or commute to a local jurisdiction within the state. (Report A-47, 1974)

States should have an estimate made of the amount of the inflation-induced state personal income tax increase and publicize the estimate for each tax year. (Report A-63, 1976)

States which combine a highly progressive tax structure with heavy reliance on the income tax should enact annual indexation of personal income tax exemptions, deductions, per capita tax credits, and tax brackets. (Report A-63, 1976)

Congress should require that the amount of the inflation-induced, federal real personal income tax increase be calculated and publicized for each tax year. (Report A-63, 1976)

Congress should provide for the annual adjustment of the personal exemptions, the low-income allowance, the maximum limit of the standard deduction, any per capita credits, and the tax rate brackets of the federal individual income tax by the rate of increase in the general price level.1/ (Report A-63, 1976)

INCOME (MILITARY)

Congress should amend Section 547 of the Soldiers' and Sailors' Civil Relief Act to remove the stipulation that only the service member's state of domicile or legal residence can tax his active duty military pay. (Report A-50, 1976)

States having a domicile jurisdictional rule should retain authority to tax the military pay of its domiciliaries, as it does with civilian compensation, but such a state should allow a credit against its tax for taxes paid on the same income to another state. (Report A-50, 1976)

Congress should strengthen laws and regulations requiring withholding of state and local income taxes from military pay. Military and federal civilian employees should be considered jointly in determining whether the threshold of 500 federal employees that triggers local income tax withholding is reached. (Report A-50, 1976)

1/ Mr. Cannon abstained from the vote on this recommendation.

Congress should adopt legislation waiving federal immunity from state court actions to the extent necessary to allow wage garnishments of military pay and of federal civilian pay for delinquent state or local income taxes. Such legislation should explicitly instruct the federal agencies to accept and act upon court orders in such cases. (Report A-50, 1976)

The Department of Defen should require a separate form specifically designed to obtain from the military personnel a declaration of legal residence for tax purposes and also should require that records of legal residence be kept current through annual updating. (Report A-50, 1976)

SALES

Congress should enact legislation explicitly authorizing state governments to impose a sales tax on firms making sales in states where they maintain no place of business. The tax should be equal to the state rate plus a single local rate. States should adopt a formula to distribute the local sales tax portion among local governments. (Report A-47, 1974)

Congress should enact legislation amending the Buck Act to allow the application of state and local sales and excise (including tobacco and liquor) taxes to all military store sales in the United States. (Report A-50, 1976)

TOBACCO

States should develop information programs to show the public, judges, legislators, and enforcement officials that cigarette smuggling is not a victimless crime. (Report A-65, 1977)

States, especially those that have serious cigarette bootlegging problems, should examine the adequacy of their enforcement efforts and take strong action both to strengthen their law enforcement efforts and to increase the penalties for the illegal sale or possession of cigarettes. In addition, states should recognize that increases in tax rates that widen cigarette tax rate disparities create profitable opportunities for organized crime involvement in cigarette bootlegging and, therefore, should exercise restraint in formulating cigarette tax rate policy. (Report A-65, 1977)

States affected by cigarette smuggling should broaden their cigarette tax statutes to make a felony any act involving the shipment, sale, and possession of a substantial number of contraband cigarettes and to increase the penalty provisions. State and local officials should consider the transfer of criminal penalty provisions from tax law to penal law. (Report A-65, 1977)

High-tax states should enter into cooperative agreements with low-tax states for detecting and reporting unusually large cigarette purchases that appear to be intended for illegal sale in high-tax states. (Report A-65, 1977)

Western states should reach agreement with Indian tribal leaders for precollection of the state cigarette tax on cigarettes sold on Indian reservations. These states should agree to refund the tax paid by residents of the reservation based on a mutually agreeable formula. (Report A-65, 1977)

Congress should give early and favorable consideration to legislation prohibiting the transportation of contraband cigarettes in interstate commerce. (Report A-65, 1977) (Implemented by PL 95-575)

Congress should monitor the effectiveness of state and federal enforcement efforts and state actions to reduce the disparity in cigarette tax rates. (Report A-65, 1977)

Congress should allow state and local governments to extend the cigarette tax and the sales tax on cigarettes to sales of cigarettes on military installations pending the repeal of the state and local sales tax exemption for all military store sales. (Report A-65, 1977)

USER CHARGES

States should have an affirmative policy regarding user charges when specific beneficiaries of particular government services can be readily or approximately identified. States should authorize and encourage local governments to adjust fees and user charges annually to reflect at least changes in financial costs; and should provide technical assistance and consultation as to appropriate areas, methods and rates of charges. (Report A-47, 1974)

VALUE-ADDED TAX

The federal government should not enact a federal value-added tax to provide revenue for property tax relief and to ameliorate intrastate fiscal disparities among school districts because it is not needed. (Report A-40, 1973)

TAX-EXEMPT MORTGAGE REVENUE BONDS

State and local governments should restrict the used of their mortgage revenue bond issuances to programs of either (a) home ownership for low and moderate income persons (120% or less of local median family income) or (b) economic and community revitalization in distressed cities or rural areas. (Commission resolution, June 1979)

Congress should define general standards for determining what state and local mortgage revenue bond programs are eligible for the tax exempt interest privilege, and allow states and localities, working together, to develop remaining program specifics for determining eligible state and local programs. (Commission resolution, June 1979)

Congress should restrict the tax exempt interest privilege for state and local issuances within a state to the equivalent of 5% of the mortgage for single-family housing originated in that state during the previous year. (Commission resolution, June 1979)

(Implemented by P.L. 96-499, Title XI which limited mortgage revenue bonds.)

FEDERAL REGULATION OF STATE TAXATION--"DOING BUSINESS" TAXES ON OUT-OF-STATE FINANCIAL DEPOSITORIES

Congress should enact legislation which would deny authority for any state or local government to impose on an out-of-state commercial bank, mutual savings bank, or savings and loan association a tax on or measured by income or receipts from banking or depository services or property or any other tax, including a franchise, privilege, genefal excise, or license tax on doing business or the value of property in the state, if, during the taxable period, its only business activities or transactions conducted within the state are conducted without a substantial physical presence within the state in the form of (a) a regular office location, or (b) the regular presence of employees or agents, or (c) the ownership or use of tangible property within the state, including property involved in lease-financing operations.

Congress should deny authority to impose a tax if the only activities or transactions conducted within the state by or on behalf of a bank or association are the prosecution of remedies to enforce liens or otherwise protect a security interest in case of default on a loan or other indebtedness secured by property located in the state.

Congress should provide that where a state establishes jurisdiction to impose a tax on or measured by the income, receipts, property, or other "doing business" tax base of an out-of-state depository institution it may be applied only on a fairly apportioned or attributed part of the entire net income, receipts, property, or other tax base. (Commission recommendation, April 1975)

Congress should take no action which would require state to adopt a standardized definition of taxable income in the taxation of out-of-state financial depositories. (Commission recommendation, April 1975)

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Congress should include safeguards against discriminatory taxation of out-of-state financial depositories by specifying that these depository institutions shall not be subject to heavier taxes than would be imposed if they were domestic corporations chartered or domiciled in the taxing state. (Commission recommendation, April 1975)

Congress should provide legislation regulating "doing business" taxes on out-of-state financial depositories that, where a depository is subject to such taxation in more than one taxing jurisdiction, the domiciliary state may apply its tax to the entire income (or receipts, capital value, or other tax base) of the business, but shall allow the taxpayer a credit against such tax liability for similar taxes paid to other states (or subdivisions of other states). However, the required credit need not exceed the less of (a) the tax or taxes actually paid to nondomiciliary jurisdictions on a portion of the identical or similar tax base, or (b) the tax that would have been payable in the nondomiciliary jurisdictions on a fairly apportioned part of the entire taxable base, if calculated under the laws, regulations, and rates of the domiciliary state. (Commission recommendation, April 1975)

Federal legislation concerning the application of "doing business" taxes to out-of-state depositories should omit reference to procedures and mechanisms for adjudication of disagreements between states and taxpayers, thus leaving these matters for resolution by customary administrative agencies and procedures established by the states and by applicable judicial proceedings in state and federal courts. (Commission recommendation, April 1975)

Federal Grants-in-aid
(See also under specific headings)

CATEGORICAL GRANTS

Congress and the President should, when considering new or reenacting old categorical grant programs, evaluate the advantages and disadvantages of the four alternative types of categorical grants -- project, formula, formula-project, and cost reimbursement - as well as the relative advantages and disadvantages of block grants, and select in each case the type which meets the intended national purposes best in light of the need to reduce the total number of programs and to facilitate simpler, fairer, and more efficient administration of grant programs. (Report A-52, 1978)

Congress and the President should adopt as a general goal the reduction of the number of categorical programs through consolidation of closely related grant programs. (Report A-52, 1978)

Congress and the President should consider grant consolidation in the following subfunctional areas: forest lands management, highway beautification, transportation safety, urban transportation, state transportation, pollution prevention and control, library aid, older Americans programs, child welfare services, vocational education services, child nutrition, and preventive and protective health. (Report A-52, 1978)

Congress should enact legislation authorizing the President to submit to the Congress plans for consolidating categorical grant programs, and requiring Congress to approve or disapprove such plans by resolution within 90 days of submission, and if approved, such plans to go into effect upon approval by the President of the joint resolution. (Report A-52, 1978)

Congress should enact "sunset legislation" providing at regularly scheduled intervals for the termination, thorough reassessment prior to the slated expiration dates, and reauthorization, where warranted, of all grant-in-aid programs by functional areas. (Report A-52, 1978)

Congress should establish and follow a specific timetable for processing annual authorizations and appropriations for capital facility grants. For certain state-local programs involving long-term capital financing, federal aid legislation should provide for multi-year advance budgeting, direct the President to include specific multi-year plans for these programs in his budget, and provide for advance obligational authority for each year in the advance budget plan. (Report A-37, 1970)

Congress should, in consultation with representatives of state and local governments, take steps to reduce funding uncertainties, including consideration of providing advanced funding of more grants. (Report A-52, 1978)

Congress and the Administration should take steps to make the timing of grant implementation procedures more responsive to the scheduling requirements of state and local governments. (Report A-52, 1978)

Congress should carefully consider the degree to which the costs of individual federally aided programs should be shared, whether recipient contributions are necessary to encourage efficient administration, and whether recipient governments should be expected to increase financial commitments to aided programs, and should design matching requirements accordingly. (Report A-52, 1978)

Congress should request the General Accounting Office, or other appropriate organizations, to research the effect of existing maintenance of effort requirements in categorical grant programs. (Report A-52, 1978)

Congress should increase federal matching for community development projects which the states "buy into" and revise allocation formulas to this end. (Report A-37, 1970)

Grant formula allocation provisions should be examined carefully by Congress as part of the "sunset review" policy, and by the Executive departments and agencies, and where desirable and feasible be updated to include more precise and specific indicators of program need, with particular attention to those formulas which distribute funds according to total population or equal shares; to minimum and maximum grant entitlements; and to any formula factors which may have inappropriately or unintentionally favored one set of recipients over another. (Report A-52, 1978)

Congress and the President should revise all new and existing statutory requirements having general applicability to federal grant programs and for each requirement assign an administrative agency responsible for achieving effective compliance therewith. OMB should act as a clearinghouse for these requirements and monitor their administration; and Congress and the President should review them for purposes of consideration, simplification, or termination. (Report A-52, 1978)

BLOCK GRANTS

Congress should utilize the block grant as the preferred instrument of federal financial assistance to state and local governments primarily in cases where: (a) a cluster of functionally related categorical programs has been in existence for some time; (b) the broad functional area to be covered is a major component of the recipient's traditional range of services and direct funding; (c) heavy support for those recipient services that the Congress determines to also have national significance is intended; (d) no more than mild fiscal stimulation of recipient outlays is sought; (e) a modest degree of innovative undertakings is anticipated; (f) program needs are widely shared, both geographically and jurisdictionally; and (g) a high degree of consensus as to general purposes exists among the Congress, the federal administering agency, and recipients. (Report A-60, 1977)

Ten specific guidelines should be followed in developing proposed block grant legislation, including a clear and precise statement of program objectives and priorities, encompassing of a substantial portion of total federal aid in the functional area involved, and granting of broad discretion to recipients in tailoring programs to their needs. (Report A-60, 1977)

In reauthorizing block grant programs, Congress should avoid "recategorization" tendencies by (a) refraining from earmarking funds or authorizing new categories of assistance within the statutory framework of the block grant; (b) relying, to the maximum extent practicable, on capacity building programs for recipients and on the federal administering agency when a redirection of the uses of block grant funds is sought to better achieve Congressional intent; and (c) authorizing block grants for at least three years or for a period of time consistent with any "sunset" legislation that may be enacted; and making multiyear appropriations. (Report A-60, 1977)

Future block grant legislation should designate the states as the initial recipients of funds and require them to pass-through a stipulated portion to eligible general purpose local governments, provided that the states meet specified minimum policy, organizational, protedural, personnel, and financing criteria. (Report A-60, 1977)

Where block grant legislation fosters the establishment of regional planning units, it should require use of the boundaries and organization of existing areawide general purpose planning bodies. (Report A-60, 1977)

IMPROVING GRANTS MANAGEMENT

The political branches of the federal, state and general units of local government should assume their historic responsibility for jointly establishing and sustaining the necessary central management mechanisms to improve operations of governmental programs and render the civil service more fully accountable. The intergovernmental dimensions of public management should be made an integral component of all such administrative systems. (Report A-53, 1977)

The Executive Office of the President should be so organized as to be flexible enough to reflect Presidential desires, but should have sufficient institutional staff to enable the President to exert leadership in the five basic central management activities essential to better federal-state-local relations: budget preparation and consultation; management, including governmentwide grants management; domestic policy development; intergovernmental liaison; and legislative reference.

Further, the President should appoint a high-ranking assistant for intergovernmental affairs having direct access to the President who, with a small professional staff, would monitor and evaluate for the President the various intergovernmental relations activities performed on a governmentwide basis under whatever organizational arrangements the President may establish. In addition, OMB should be made the primary focal point for management improvement, and the performance of the Domestic Council or its successor in the identification of domestic problems and development of policies should be improved. (Report A-53, 1977)

The President, OMB, and the Under Secretaries Group for Regional Operations should eliminate the impediments to the more effective operation of the Federal Regional Councils by taking six specified steps. (Report A-53, 1977)

The President should require the heads of federal grant administering agencies to assign leadership responsibility for interprogram grants management activities to a single unit with adequate authority, status, and staff. (Report A-53, 1977)

The Office of Management and Budget should be given responsibility for compiling and updating a list of the interagency agreements in effect, for evaluating them, and initiating new ones or improvements to existing ones as needed, to effectively further and support maximum feasible coordination among the various federal aid programs. OMB also should be responsible for monitoring the implementation of the agreements. (Report A-53, 1977)

The President should reinstitute administrative guidelines regarding the establishment, use, and termination of interagency committees. (Report A-53, 1977)

Congress should provide specific statutory authorization for OMB circulars affecting standardization, simplification, and other grants management improvement, and vest in OMB the responsibility for developing and enforcing the circulars. (Report A-53, 1977)

The Office of Management and Budget should develop and periodically update, in consultation with the Bureau of the Census and representatives of state and local governments, a classification of the 50 states based on the functional, fiscal, and legal similarities and differences among their various types of local government; Congress in designing eligibility provisions of grant legislation should give serious consideration to the utility of this classification; and the President by executive order should require agencies administering grants whose distribution is determined wholly or partly by administrative decision to give serious consideration to such classification in determining which local units are intended to be recipients of such grants in such states. (State-local functions report, forthcoming)

The federal government should curb its intrusion into state organization and procedures by amending Section 204 of the Intergovernmental Cooperation Act of 1968 to eliminate any federal assistance condition that requires a single state or local government department, agency, multimember board or commission, or a single bureau, division, or other organizational unit to serve as the administrative focal point of an aided program, along with any provisions that dictate a specific headquarters-field administrative relationship within a state or substate governmental department or agency. (State-local functions report, forthcoming)

The federal government should adopt policies which accommodate state and local actions to reorganize governments at the substate regional and local levels. (Report A-44, 1974)

OMB should head an interagency review of FMC 74-7 to determine whether it should be modified and/or expanded. (Report A-53, 1977)

The states should examine their legislative and administrative policies and practices relative to the states' and localities' expenditure of federal grant funds, with particular attention to states' attachment of conditions to federal funds passed-through to localities. (Report A-53, 1977)

States should upgrade their participation in the A-95 process. (Report A-53, 1977)

OMB should designate the Federal Regional Councils as federal clearinghouses under Circular A-95, making them responsible, among other things, for notifying federal agencies of grant applications having regional impact, preparing comments on the interprogram and intergovernmental effects of proposed projects. (Report A-53, 1977)

Congress and the Administration should take specified steps to improve information available in the catalog of Federal Domestic Assistances. (Report A-53, 1977)

The President should reissue his memorandum of September 9, 1977 on federal grant-in-aid reform as an executive order and take further steps to implement it. (Federal Assistance Monitoring Project, 1978)

The President should improve federal agency consultations with state and local governments -- and the public -- during the development of administrative regulations for federal grant-in-aid regulations. (Federal Assistance Monitoring Project, 1978)

The President should further standardize and simplify the federal grant application process, permitting an annual jurisdictional certification with jurisdictional profiles centrally filed for federal agency use, and incorporating simplified and standardized cross-cutting requirements. (Federal Assistance Monitoring Project, 1978)

OMB should rewrite Circular A-102, which standardizes many administrative requirements for federal aid, to clarify its applicability, terms, and concepts. (Fiscal Management of Federal Pass-through Grants, forthcoming)

OMB should improve compliance with Circular A-102 by monitoring federal agencies, providing training, distributing the circular more widely, and providing better information about grant awards. (Fiscal Management of Federal Pass-through Grants, forthcoming)

Congress should provide explicit statutory authority for Circular A-102 and become more aware of the circular's contents as related to the enactment of other legislation. (Fiscal Management of Federal Pass-Through Grants, forthcoming)

Each federal department and agency should join in the consistent administration of Circular A-102 by providing training, ensuring adequate capacity and authority to resolve questions, incorporating the circular into its manuals, and incorporating fiscal information requirements into all pass-through agreements. (Fiscal Management of Federal Pass-through Grants, forthcoming)

Federal requirements should not permit imposition of any financial requirements in federal aid programs other than those in Circular A-102, except those resulting from or delegated by state law. The governor or legislature should designate an office of state government to help administer Circular A-102 by monitoring state agencies passing federal aid through to subrecipients, providing guidance manuals, and other means. (Fiscal Management of Federal Pass-Through Grants, forthcoming)

State Grants-in-Aid
(See also under specific headings)

States should establish programs of general local government support of sufficient magnitude to materially redress imbalances among local fiscal capacities, with funds distributed by an allocation formula reflecting population, tax effort, and municipal overburden. The multiplicity of such programs should be substantially reduced by consolidation to increase the amount of state general support payments to local jurisdictions that will be allocated according to this strongly equalizing formula. (Report A-59, 1977)

States should use general local government support programs to accomplish significant equalization of local fiscal capacities, and then rely on specific measures of program need to allocate grants for the support of all conditionally aided public programs other than minimum foundation education programs. (Report A-59, 1977)

States should periodically review their categorical aids in each functional area, using state ACIRs in conducting such reviews. These reassessments should aim toward consolidating duplicative and closely related aid programs; eliminating ineffective or outdated grants; revising the statutory goals and possibly the formulas of those that need modernization; and determining whether the grant device is the best means of achieving the program's goal. To secure a thorough review, each state should provide by law for the simultaneous termination of aid programs in each functional area upon a specified review date, and at regular intervals thereafter, unless such programs are reauthorized by appropriate legislative action. (Report A-59, 1977)

State legislatures should take much more active roles in state decisionmaking relating to the receipt and expenditure of federal grants to the states. Specifically, they should provide for: inclusion of anticipated federal grants in appropriation or authorization bills; prohibition of receipt or expenditure of federal grants above the amount appropriated without approval of the legislature or its delegate; establishment of subprogram allocations, where state discretion is afforded in formula-based categorical and block grants, in order to specify

priorities; and specification of the basis of fund allocation and recipient eligibility and the conditions of performance where states have a discretionary role in passing funds through to local governments. (Report A-59, 1977)

In light of continuing recipient management problems associated with federal grants to the states, state agencies should be required to obtain the approval of the governor or his designee before (a) entering into grant negotiations with federal grant agencies; (b) applying for federal grants, or (c) accepting any federal grants. (Report A-59, 1977)

State legislatures should act to enable local governments to anticipate the amounts and timing of state aids with greater certainty by providing advance funding where appropriate and prescribing a uniform fiscal year for local governments that is geared to the legislative appropriations calendar. (Report A-59, 1977)

Other Intergovernmental Revenue

FEDERAL REVENUE SHARING

Congress should renew the revenue sharing program with states and local general governments. (Report A-48, 1974) (Implemented by PL 94-488)

Congress should provide revenue sharing with states and local general governments by means of permanent trust fund financing and funding at a constant percentage of the federal personal income tax base. (Report A-48, 1974)

The Office of Revenue Sharing should conclude arrangements with appropriate existing federal, state, and local government agencies to carry out the civil rights responsibilities under the revenue sharing act. (Report A-48, 1974) (Implemented in part by ORS-LEAA agreement in April 1979)

The Administration should give its full support to and the Congress should renew the general revenue sharing program, retaining as recipients both state and local general governments and maintaining the purchasing power of the GRS dollar. (Commission recommendation, March 23, 1978)

FEDERAL RECEIPTS SHARING

Congress should retain the current federal receipts sharing program with counties to compensate them for any adverse effect of federal land ownership even though such counties are neither fiscally advantaged nor disadvantaged in comparison to similar counties which have little or no federal land. (Report A-68, 1978)

Congress should authorize the appropriate federal official to grant additional compensation to those counties that meet both of the following hardship criteria: (1) at least 25% of the county acreage in federal ownership and (2) tax effort in the upper third for counties that are comparable in all major respects except for the size of federal holdings. (Report A-68, 1978)

Congress should authorize the appropriate federal official to make adjustment payments in federal compensation programs for several years to permit the affected state and local governments to adjust to the revenue loss resulting either from substantial federal land acquisitions or from sharp reductions in receipts sharing payments. (Report A-68, 1976)

Congress should retain the counties as recipients of the current receipts sharing programs. (Report A-68, 1978)

Congress should direct that payments under the national forest receipts sharing program be determined by using a several-year moving average of the factors in the formula to smooth out current year-to-year fluctuations. (Report A-68, 1978)

Congress should remove all restrictions on the local use of the federal compensation payment. (Report A-68, 1978)

Congress should authorize a program of payments-in-lieu of real property taxes to state and local governments for non-open space or urban property in an amount equal to that which would be paid if the federal government were actually subject to the real property tax. (1980, upcoming 1981 report)

State Compensation Program

States should examine the impact of their holdings on local government finances and compensate local governments for any adverse effects. (Report A-68, 1978)

Each state should examine its real property tax immunity and consider authorizing programs designed to fully compensate local governments for revenues lost due to the exemption of state owned real property. (1980, upcoming 1981 report)

Fiscal-Management

GENERAL

As a necessary first step, policymakers at all levels should support effective anti-inflationary action in order to reduce the cost of borrowed money and increase its availability to state and local governments. (Report A-37, 1970)

The President, in cooperation with the governors, should establish procedures for voluntary state action to cut back or accelerate state and local capital expenditures as a countercyclical move, rather than relying exclusively on federal aid funds cutbacks for this purpose. (Report A-37, 1970)

Congress should favor the lump sum payment approach over the debt service grant to finance future federal aid commitments, to ease the pressure on an overburdened state and local bond market. However, where there are multi-year federal aid commitments, Congress should authorize federal administrators to enter into prefinancing contracts which pledge the federal government to reimburse state and local government for payments made in advance to cover the federal share. Such contracts should provide restrictions to limit the prefinancing entitlement of any one state. (Report A-37, 1970)

To test the ability of a federally subsidized lending operation to broaden state and local access to the capital market, Congress should establish a pilot operation of lending funds to appropriate jurisdictions to cover their share of financing waste treatment construction. This environmental financing program should be designed to supplement, not supplant, tax exempt bonds. (Report A-37, 1970)

CASH MANAGEMENT

The appropriate federal agency should insure the full amount of public deposits in commercial banks, savings and loan associations, mutual savings banks, and credit unions. Such federally-insured deposit should not be subject to any state pledging requirements and the total amount of public deposits in a single financial institution should be limited to a reasonable percentage of total deposits and/or total capital. (Commission recommendation of December 1976).

States should enact statutes designed to provide more flexibility for state and local governments in their choice of depository institutions to encourage governmental units to seek out the most economic deposit relationships and to provide incentives for financial institutions to develop competitive services and prices. Specifically, such statutes should enable governmental units to select any federally insured depository within state boundaries for the placement of public funds. (Report M-112, 1977)

State and local legislative bodies and administrative officials should take action to permit and facilitate the maximum legal pooling of separate funds for the purposes of investment and effective cash management, provided that detailed and accurate accounting records are maintained for each fund. (Report M-112, 1977)

State legislatures should take action to remove or initiate the removal of existing constitutional and statutory restrictions upon the investment of governmental funds, at least to the extent of permitting the investment of idle operating balances in state obligations, United States obligations, fully insured or guaranteed United States or United States agency obligations, obligations of federally sponsored corporations, prime bankers' acceptances, and negotiable certificates of deposit. (Report M-112, 1977)

States should initiate appropriate legislative actions to develop pooled investment funds for the purpose of receiving and investing moneys in the custody of state or local government officials electing to participate in such investments. (Report M-112, 1977)

States should initiate suitable programs of technical assistance to local governments with respect to cash management and investment of idle funds. (Report M-112, 1977)

FINANCIAL EMERGENCIES

States should designate or establish a single state agency responsible for improvement of local financial management functions and for early detection of financial problems in order to prevent local financial crises. State laws should regulate local short-term operating debt. Each state should establish by statute guidelines to determine when local government financing conditions necessitate state intervention and set forth procedures for carrying out remedial state action. (Report A-42, 1973)

Federal action in the case of local financial emergencies should include situations in which interstate considerations require use of the Federal Bankruptcy Laws. (Report A-42, 1973)

Federal bankruptcy provisions relating to local governments should be updated and clarified. (Report A-42, 1973)

DATA NEEDS

Congress should provide the support necessary to collect reliable and current unemployment data required by the countercyclical aid program formulas in order to assure that the programs meet their state objectives. The Executive Branch should launch an aggressive effort to achieve this objective. (Report A-69, 1978)

States which do not already have adequate reporting and disclosure of retirement system information to state-local pension commissions and to the public in general should undertak to obtain a comprehensive initial accounting and evaluation of the funding and benefit characteristics of all state and local retirement systems within the state. (Report A-70, 1980)

III. MAJOR GOVERNMENTAL PROGRAMS

Community Development

Efforts should be made to coordinate and merge administratively the Title I program of the community development block grant (CDBG) with related grant programs now administered by other federal departments and agencies. The Section 312 rehabilitation loans program should be consolidated with Title I of the Housing and Community Development Act of 1974. (Report A-57, 1977)

Congress should amend the CDBG act in three specified ways to allow greater discretion in identifying and designing the programs to be funded. (Report A-57, 1977)

HUD should remain sensitive to further opportunities for simplifying the administrative requirements of the CDBG program, and refrain from establishing additional procedural requirements which unnecessarily burden the operation of the program. (Report A-57, 1977)

The federal government should take steps to build greater capacity of CDBG recipients, including accelerating HUD sponsorship of research and demonstration projects and HUD expansion of technical assistance. (Report A-57, 1977)

HUD should revise its guidelines to encourage councils of governments and other general purpose regional planning bodies to help CDBG applicants in preparing their housing assistance plans (HAP). Congress should amend the act to permit COGs and other general purpose regional planning bodies to prepare a regional HAP in lieu of local HAPs. (Report A-57, 1977)

Congress should amend the CDBG act to create a new federal category to support direct state performance of community development programs when the state has a community affairs agency, plans for community development, provides technical assistance to local applicants for community development programs, and provides substantial state funds for such programs. (Report A-57, 1977)

Congress should amend the CDBG act funding allocation to treat the older, deteriorating cities and small communities in metropolitan areas more equitably. (Report A-57, 1977)

Education

States are responsible for reducing fiscal disparities among school districts within their boundaries. (Report A-40, 1973)

Health

Congress should enact legislation authorizing federal cost sharing for a range of statutorily specified public health services up to an overall per capita ceiling within each state modified according to appropriate need factors, with the added provision that any changes in national health protection priorities, as determined by Congress, would be reflected in a temporary variation in cost sharing modified to recognize regional and state differences for the service(s) in question. With enactment of this cost sharing program, Congress also should repeal section 314(d) of the Public Health Services Act and, over a reasonable period of time, fold into this program other public health programs. (Report A-56, 1977)

Law Enforcement

[The following list excludes recommendations relative to the Safe Streets Act of 1968 as amended, since the LEAA program is being phased out. The recommendations were in two ACIR reports: Report A-36, 1970, and Report A-55, 1977.]

POLICE

Basic police services (patrol and preliminary investigation) should be provided throughout all metropolitan areas directly by localities, through intergovernmental cooperation, either voluntarily through contracts or by assumption of the overlying government if localities fail to provide it.1/ Counties should be empowered to perform specialized, staff and auxiliary supportive police services in single county metropolitan areas. Appropriate areawide instrumentalities should be encouraged to provide these services. States should encourage specialized police task forces to operate throughout multi-county and interstate metropolitan areas to deal with extra-local and organized crime. (Report A-38, 1971)

1/ Gov. Reagan dissents.

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Localities should be given carefully circumscribed extraterritorial police powers relating to "close pursuit." States should clarify governmental responsibility for liability insurance for police officers engaged in lawful extraterritorial police activity. (Report A-38, 1971)

Unincorporated portions of metropolitan areas should be required to pay full cost of police services provided by the county. (Report A-38, 1971) States should improve the capabilities of rural police systems, by methods such as supplying trained state personnel or providing incentive grants to encourage consolidation of subcounty police forces.1/ (Report A-38, 1971)

States should consider providing the full range of law enforcement powers and services statewide and removing geographic limitations on the appropriate statewide law enforcement agencies. (Report A-38, 1971)

States should have councils on police standards, composed of state, local and public members, to develop and recommend minimum standards for police selection and basic training. States should enact mandatory minimum standards and meet the full cost of training programs to achieve them; and should encourage private and public institutions of higher education to offer appropriate training programs and encourage incentive pay plans to further police training. (Report A-38, 1971)

States should revise their criminal codes to define better the scope of discretionary police activities and provide comprehensive governmental tort liability to protect police that make legitimate use of such power. State laws that restrict local chief executives from appointing their police chiefs should be modified along with veterans' preference and other civil service regulations that limit the selection and promotion of local policemen. (Report A-38, 1971)

Local governments should substantially increase their efforts to involve citizens in the law enforcement and criminal justice process through the installment of police community relations machinery and programs. (Report A-38, 1971)

1/ Gov. Reagan, Mayor Maltester dissent.

SHERIFF, CONSTABLE, CORONER

The office of sheriff should be a statutory rather than constitutional position. States should give metropolitan counties the option of assigning basic responsibility for countrywide police services to an "independent" county police force under the control of the chief county executive, compensated by salary with civil service coverage and adequate retirement benefits. If countrywide police service is assigned to the sheriff's department, court and jail duties should be reassigned to appropriate court and correctional agencies and tenure limitations should be removed from the sheriff. (Report A-38, 1971)

The office of constable should be abolished and its duties transferred to appropriate lower court systems. (Report A-38, 1971)

The office of coroner should be abolished, his medical function transferred to an appointed local medical examiner and judicial functions exercised by the local prosecuting attorney. Official records regarding certification of death should be a matter of public record. (Report A-38, 1971)

PROSECUTION AND DEFENSE

States should strengthen state responsibility for prosecution by enhancing the authority of the attorney general to oversee and assist the work of local prosecutors. One method would be though state councils of prosecutors, convened by the attorney general. States should centralize the local prosecution function in a single office, responsible for all criminal prosecutions and require prosecuting attorneys to be full-time, redrawing their districts to encompass a large enough territory to require a full-time official. The state supreme court should be authorized to remove local prosecutors. States should pay at least 50% of the costs of local prosecuting attorney's offices. (Report A-38, 1971)

States should authorize prosecutors to bring indictments through either grand jury or information procedures. Grand juries should be used primarily in cases of alleged official corruption, but

when used, they should be empaneled on a frequent enough basis to prevent unnecessary court delay. Nothing in the recommendation is intended to modify the traditional investigative powers of grand juries. (Report A-38, 1971)

States should establish and finance a statewide system for defense of the indigent, making a public defender or coordinated assigned counsel service readily available in every area of the state. (Report A-38, 1971)

CORRECTIONS

Greater public attention, funds, and policy focus should be directed to corrections, the step-child of the criminal justice system, and basic reforms undertaken. As a matter of general public policy, state and local officials should give a high priority to upgrading correctional institutions and rehabilitation services to help reduce crime rates. (Report A-38, 1971)

States should vest all responsibility for corrections excluding the adjudicatory functions of parole and pardons, in one state department directly accountable to the governor. States should assume full financial, administrative and operational responsibility for juvenile and long-term adult correctional institutions, parole, juvenile aftercare and adult probation. Local government should retain operational and a share of the fiscal responsibility for short-term adult institutions and jails, detention facilities, misdemeanor and juvenile probation, but the states should establish and monitor minimum standards of service, and furnish planning and technical assistance and a reasonable share of the costs. (Report A-38, 1971)

Adequately finance, staffed and supervised community-based treatment programs can be more effective than institutional custody in rehabilitating most offenders. States and localities should authorize work-release programs and use regional or community institutions for prisoners who might benefit from such programs. State and local governments should upgrade academic and vocational training programs for inmates of juvenile and adult institutions. (Report A-38, 1971)

States and local governments should plan and develop adequate adult and juvenile detention services and facilities which related to the processes of the court system. Short-term penal

institutions should be administered by appropriately trained correctional personnel. Local governments should be encouraged to agree to the joint establishment and operation of regional jails and institutions. (Report A-38, 1971)

States and localities should improve recruitment, compensation, training and promotion practices to attract sufficient numbers of high quality personnel to the corrections system. States should establish minimum qualifications standards for correctional personnel. Volunteers and paraprofessionals, including ex-offenders other than former police officers, should be used in correctional programs. States and localities should train such personnel to meet appropriate standards. (Report A-38, 1971)

Social Welfare

[Several recommendations on welfare reform, employment services, and the poverty program were adopted during the 1960s. Only the Comprehensive Employment and Training Act (CETA) program was addressed in the 1970s.]

CETA BLOCK GRANT

The President and Congress should evaluate and coordinate the growing number of separate grant programs designed to meet the nation's manpower goals. (Report A-58, 1977)

The CETA block grant should be expanded to encompass more fully those federally aided manpower services responding to state and substate labor markets. Several means of utilizing this mechanism are enumerated. (Report A-58, 1977)

CETA block grant funds should be used for public service employment only if private sector employment needs already have been met. (Report A-58, 1977)

The formula for allocating CETA block grant funds should be amended to reflect long-term structural employment trends, and the hold harmless provision should be deleted. (Report A-58, 1977)

Federal technical assistance and encouragement to state manpower councils should be increased for the purposes of reviewing and coordinating state and local manpower plans and avoiding duplication of state employment service activities. (Report A-58, 1977)

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Youth unemployment should be dealt with more effectively with a separate appropriation administered through the regular CETA block grant delivery system. (Report A-58, 1977)

Transportation

TRANSPORTATION IN SUBSTATE REGIONS (see also Substate Regionalism)

The federal urban system, secondary highway system, and mass transportation programs should be merged into a single block grant to be distributed among metropolitan and non-metropolitan regions largely according to a formula based primarily on population. (Report A-49, 1975)

This new unified grant program should be available for any mode and for either capital or operating purposes, and it should be supported by a combination of earmarked monies from the national Highway Trust Fund and by Congressional appropriations from the general fund. (Report A-49, 1977)

The funds should be channeled through the states for regions wholly within a single state if the state has -- as every state should -- a strong intermodal DOT responsive to overall policy control by the governor, and a substantial intermodal program of financial assistance for regional systems; funds should go directly to the regional planning bodies in the states not meeting these criteria and in all interstate regions. (Report A-49, 1977)

Ultimately the funds should be passed on to the appropriate construction, maintenance, and operating units, and perhaps even to the individual transportation users, by designated regional planning bodies in accordance with their own plans and policies. (Report A-49, 1977)

All of the regional bodies designated for these important federal aid roles should have well defined authoritative decision-making powers, but their form could vary: a strengthened regional council similar to the one in Minneapolis-St. Paul, a city-county consolidated metropolitan government like that in Jacksonville, Nashville, and Indianapolis, or even a state agency, in some cases, working closely with the locally controlled regional body having responsibilities under the state's substate districting system and OMB Circular A-95. (Report A-49, 1977)

These regional bodies should have expanded powers to plan and program regional transportation systems and to initiate and/or approve or disapprove transportation projects in accordance with their comprehensive regional plans and policies; they also should be empowered to monitor and participate in the regulatory proceedings of bodies which set transportation fares and prices, community development controls, environmental controls and other related rules, so that regulatory decisions will be more likely to be coordinated with comprehensive planning policies. (Report A-49, 1977)

The states should authorize an areawide intermodal transportation authority which would have the power to raise funds, coordinate and assist the activities of existing transportation provider organizations, subsidize certain classes of transportation users -- like the elderly or the poor -- and directly provide such needed transportation facilities or services as may otherwise be unavailable. These authorities should exercise their powers only in accordance with decisions of the regional policy bodies. (Report A-49, 1977)

State and local transportation financing policies should be made more flexible, so that impediments removed from the federal aid programs would not be perpetuated by outdated state and local limitations. (Report A-49, 1977)

Finally, the Congress and state legislatures should consider consolidating the various transportation regulatory bodies they have established, creating single intermodal ones charged with considering -- in addition to economic criteria -- modal productivity and efficiency, energy conservation, desired community development, environmental protection, enhanced mobility, and improved access. (Report A-49, 1977)

ATTACHMENT D

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

State of Expenditures (Outlays), FY 1972 (Actual) - FY 1982 (Estimates)
(in thousands of dollars)

FISCAL YEAR	FULL-TIME EMPLOY-MENT	SALARIES AND EXPENSES			CONSOLIDATED WORKING FUND		CONTRIBUTIONS		
		CONGRESSIONAL APPROPRIATION	GROSS OUTLAYS	NET OUTLAYS	GROSS OUTLAYS	NET OUTLAYS	STATE CONTRI-BUTIONS	GROSS OUTLAYS	NET OUTLAYS
1972	35[a]	$733	$779	$778	$98	-$126	$47[b]	$88	$88
1973	37[c]	806	(1)[d]	814	761	279	122	38	92
1974*	37	1,106[e]	(1)[d]	1,039	1,009	133	64	2	32
1975	37	1,184[e/f]	(15)[d]	1,129	1,060	304	-391	2	24
1976	37	1,200	(7)[d]	1,240	1,164	367	315	35	72
1977	37	1,431[g]	(49)[d]	1,583	1,339	279	160	31	19
1978	37	1,654[g]	(69)[d]	1,592	1,492	69	-300	47	26
1979	37	1,698[g]	(33)[d]	1,743	1,712	351	-103	59	59
1980	37	1,704	(4)[d]	1,690	1,661	520[h]	55[h]	73[i]	130
1981 (est)	36[j]	1,827		1,857	1,827	---	314[h/k]	100[m]	100
1982 (est)**	36	1,990		1,988	1,958	---	---	100[m]	100

NOTES:

*U.S. General Services Administration began charging rent to federal agencies.

**The lease on ACIR space has expired. Renewal of five-year lease will increase annual outlays by $138,000.

a/ ACIR employment base of 32 increased to 35 to cover intern program.

b/ Total income for year was $100,000. ACIR received $53,000 from the Ford and McKinsey Foundations for contract research.

c/ ACIR employment base increased to 37 to provide staff for Congressionally mandated work on state taxation of out-of-state depositories.

d/ ACIR direction from the Office of Management and Budget concerning contract overhead sets the framework for ACIR to return funds to the Treasury at the end of each fiscal year based on overhead outlays. Amount returned in parentheses.

e/ Congress mandates through P.L. 93-100, ACIR of study state taxation of out-of-state depositories. Special Congressional appropriations of $116,000 in FY 1974 and $70,000 in FY 1975 finance the project.

f/ Congress mandates through P.L. 93-495, ACIR study of full deposit insurance. Special Congressional appropriation of $87,000 in FY 1975 finances the project.

g/ Congress mandates ACIR to do various studies under P.L. 94-369, General Revenue Sharing renewal, and P.L. 94-488, The Public Works Employment Act of 1977, concerning regional competition, the federal role in the federal system, interstate tax competition, comparative federalism, and citizen participation. Funds are provided through the regular budget process (the ACIR salaries and expense appropriation), but the specific amounts are $99,000 for FY 1977, $119,000 in FY 1978, and $100,000 in FY 1979. Manpower is provided by changing the status of the interns to personal service contracts and utilizing the three full-time permanent positions they occupied. Printing funds in excess of the amounts provided would be sought through the regular ACIR appropriation process as needed. The Office of Management and Budget specifies that the task of holding a conference on the Future Forces Affecting Federalism should be funded through the ACIR contributions account. This was done in FY 1980.

h/ The Office of Management and Budget directs that ACIR shall cease having a consolidated working fund and that all future interagency research shall be handled through the salaries and expense account as reimbursable program. For this document, the amounts are still shown as if a consolidated working fund were in existence in order to facilitate year-to-year comparisons.

i/ The Office of Management and Budget directs ACIR to include all reimbursements received into the contributions account as income.

j/ The hiring freeze initiated by President Carter reduces end-of-year employment ceiling for full-time permanent staff to 36.

k/ At the time the FY 1982 budget submission was presented to the Office of Management and Budget, no new interagency research contracts were in hand. Since that date, ACIR has received funds to conduct a series of roundtables and to continue work on financial managment improvements. These will be reflected under the reimbursable program section of the salaries and expense account in the FY 1983 budget submission.

m/ The Office of Management and Budget and the House and Senate Appropriation Subcommittees on Treasury, Postal Service, and General Government have established $100,000 as the present goal to be sought from state contributions, honoraria, and reimbursements.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

ATTACHMENT E
Budget Detail - FY 1977-82

The Commission makes recommendations concerning the allocation of responsibilities and revenues among the various levels of government. The recommendations and published reports growing out of the Commission's work are submitted to the executive and legislative branches of Federal, State, and local governments for appropriate desired action.

Continuing and annual projects of the Commission include the monitoring of the general revenue sharing effort, coordinating the review procedures established by the Office of Management and Budget Circular A-85, polling the changing public attitudes on government and taxes, surveying State and local finances, monitoring the legislation of State and local governments, and the implementing of Commission recommendations on the Federal, State, and local levels.

Other projects which are nonrecurring but currently under Commission study include intergovernmental aid (categorical and block grants); competition among the States and regions for jobs, growth, and development; State-mandated local government expenditures; the Michigan single-business tax; countercyclical aid to State and local governments; and Federal-aid management.

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of the Act of September 24, 1959, as amended (73 Stat. 703-706), [$1,600,000] *$1,659,000*. (*Independent Agencies Appropriations Act, 1978.*)

Program and Financing (in thousands of dollars)

Identification code 55-0100-0-1-806		1977 actual	1978 est.	1979 est.
	Program by activities:			
	1. Administrative expenses	1,367	1,500	1,709
	2. FDIC study (Public Law 93-495)	10	.....	.....
	3. Regional competition projects (Public Law 94-369 and Public Law 94-488)	99	119	*100
	Total program costs, funded	1,476	1,619	1,809
	Change in selected resources (undelivered orders)	50	40	−145
10.00	Total obligations	1,526	1,659	1,664
	Financing:			
	Offsetting collections from:			
11.00	Federal funds	−139	.....	.....
14.00	Non-Federal sources	−5	−5	−5
25.40	Unobligated balance lapsing	49	.....	.....
	Budget authority	1,431	1,654	1,659
	Budget authority:			
40.00	**Appropriation**	1,431	1,600	1,659
44.20	**Supplemental now requested for civilian pay raises**	.....	54	.....
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	1,382	1,654	1,659
72.40	Obligated balance, start of year	168	205	245
74.40	Obligated balance, end of year	−205	−245	−245
77.40	Adjustments in expired accounts	−6	.....	.....
90.00	Outlays, excluding pay raise supplemental	1,339	1,560	1,659
91.20	Outlays from civilian pay raise supplemental	.....	54	.....

Congressional appropriations finance the personnel and personnel-related expenses incurred in the basic day-to-day operation of the Commission.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

The Advisory Commission on Intergovernmental Relations is an independent, bipartisan body which attempts to identify and analyze the causes of intergovernmental conflicts, and recommends ways of strengthening and improving the American federal system. The 26-member Commission includes representatives of the executive, legislative and administrative branches of all levels of government—Federal, State, and local—as well as representatives of the general public.

The Commission and its staff examine Federal and State programs having an intergovernmental aspect. Proposed legislation is reviewed to determine its overall effect on the federal system. The Commission also identifies emerging problems of Federal-State-local relations.

Object Classification (in thousands of dollars)

Identification code 55-0100-0-1-806		1977 actual	1978 est.	1979 est.
	Personnel compensation:			
11.1	Permanent positions	822	827	877
11.3	Positions other than permanent	4	15	15
11.5	Other personnel compensation	8	15	15
11.8	Special personal services payments	41	97	69
	Total personnel compensation	875	1,004	976
12.1	Personnel benefits: Civilian	74	91	91
21.0	Travel and transportation of persons	44	88	76
22.0	Transportation of things	7	6	8
23.1	Standard level user charges	98	156	175
23.2	Communications, utilities, and other rent	187	119	124
24.0	Printing and reproduction	120	71	77
25.0	Other services	162	77	94
26.0	Supplies and materials	29	33	33
31.0	Equipment	10	14	10
99.0	Total obligations	1,526	1,659	1,664

Personnel Summary

Total number of permanent positions	37	37	37
Full-time equivalent of other positions	1	1	1
Average paid employment	37	37	37
Average IR grade	10.45	10.50	10.50
Average IR salary	$22,765	$24,370	$26,088
Average salary of ungraded positions	$27,060	$27,060	$27,060

Intragovernmental funds:

CONSOLIDATED WORKING FUND

Program and Financing (in thousands of dollars)

Identification code 55-3900-0-4-806		1977 actual	1978 est.	1979 est.
	Program by activities:			
	1. Study of forest land revenues (DOI)	51	26	
	2. Categorical and block grants (HEW)	141		
	3. State mandating (HUD)	27	12	
	4. Criminal justice (DOJ)	59		
	Total program costs, funded	278	38	
	Change in selected resources (undelivered orders)	−31	−22	
10.00	Total obligations	247	16	
	Financing:			
11.00	Offsetting collections from: Federal funds	−87	−64	
17.00	Recovery of prior year obligations	−32		
21.40	Unobligated balance available, start of year	−80		
	Deficiency, start of year		48	
24.40	Deficiency, end of year	48		
	Budget authority			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	128	−48	
72.40	Obligated balance, start of year	53	22	
74.40	Obligated balance, end of year	−22		
90.00	Outlays	160	−26	

The Consolidated working fund receives funds from other Federal agencies for special projects carried out by the Commission pursuant to contracts with these agencies. Each contract is charged for a share of the Commission's overhead.

1978 will see the completion of all of these contracts, as the Commission concentrates on mandated and Commission-approved projects. The projects to be completed in 1978 are a study of Federal payments in lieu of taxes on Federal property, financed by the Department of Agriculture, and the 14-volume study of categorical and block grants financed by the Department of Health, Education, and Welfare.

Object Classification (in thousands of dollars)

Identification code 55-3900-0-4-806		1977 actual	1978 est.	1979 est.
11.3	Personnel compensation: Positions other than permanent	70		
12.1	Personnel benefits: Civilian	4		
21.0	Travel and transportation of persons	4		
23.2	Communications, utilities, and other rent	65		
24.0	Printing and reproduction	91	16	
25.0	Other services	13		
99.0	Total obligations	247	16	

Personnel Summary

Total number of permanent positions	0		
Full-time equivalent of other positions	4		
Average paid employment	5		
Average IR grade	11.00		
Average IR salary	$13,965		

Trust Funds

CONTRIBUTIONS

Program and Financing (in thousands of dollars)

Identification code 55-8155-0-7-806		1977 actual	1978 est.	1979 est.
	Program by activities:			
10.00	Information and other services to State and local governments (cost—obligations)	19	90	110
	Financing:			
14.00	Offsetting collections from: Non-Federal sources	−7	−10	−10
21.40	Unobligated balance available, start of year	−31	−50	−30
24.40	Unobligated balance available, end of year	50	30	30
60.00	**Budget authority (appropriation) (permanent, indefinite)**	31	60	100
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	12	80	100
90.00	Outlays	12	80	100

Contributions from State and local governments and nonprofit organizations are used to strengthen the Commission's clearinghouse, information, and policy implementation services to State and local governments and to improve intergovernmental coordination and relations.

In 1977, the Commission returned to seeking contributions from State and local governments. The States are responding positively and goals of $60 thousand in 1978 and $100 thousand for 1979 have been established by the Office of Management and Budget and the Congressional Appropriations Committees.

Object Classification (in thousands of dollars)

Identification code 55-8155-0-7-806		1977 actual	1978 est.	1979 est.
21.0	Travel and transportation of persons	8	8	15
22.0	Transportation of things		5	5
23.2	Communications, utilities, and other rent	6	7	10
24.0	Printing and reproduction	5	25	30
25.0	Other services		45	50
99.0	Total obligations	19	90	110

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

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The Commission and its staff examine Federal and State programs having an intergovernmental aspect. Proposed legislation is reviewed to determine its overall affect on the federal system. The Commission also identifies emerging problems of Federal-State-local relations.

The Commission makes recommendations concerning the allocation of responsibilities and revenues among the various levels of government. The recommendations and published reports growing out of the Commission's work are submitted to the executive and legislative branches of Federal, State, and local governments for appropriate action.

Continuing and annual projects of the Commission include the monitoring of the general revenue sharing effort, polling the changing public attitudes on government and taxes, surveying State and local finances, monitoring the legislation of State and local governments, cataloging Federal grants-in-aid, and providing educational and technical assistance to Federal, State, and local governments with regard to Commission recommendations.

Other projects which are nonrecurring but currently under Commission study include countercyclical aid to State and local governments; the effect of Federal and State tax and spending policies on economic growth in the States and regions; the assignment of servicing functions among and between the various levels of government; State and local pension policies and practices; and citizen participation in fiscal decisionmaking.

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of the Act of September 24, 1959, as amended (73 Stat. 703-706), [$1,659,000] *$1,654,000. (Treasury, Postal Service, and General Government Appropriations Act, 1979.)*

Program and Financing (in thousands of dollars)

Identification code: 55-0100-0-1-806		1978 actual	1979 est.	1980 est.
	Program by activities:			
	1. Administrative expenses	1,585	1,828	1,683
	Total program costs, funded	1,585	1,828	1,683
	Change in selected resources (undelivered orders)	100	−126	
10.00	Total obligations	1,685	1,703	1,683
	Financing:			
	Offsetting collections from:			
11.00	Federal funds	−85	−29	−24
14.00	Non-Federal sources	−15	−5	−5
25.00	Unobligated balance lapsing	69	29	
	Budget authority	1,654	1,698	1,654
	Budget authority:			
40.00	**Appropriation**	1,654	1,659	1,654
44.20	**Supplemental for civilian pay raises**		39	
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	1,585	1,669	1,654
72.40	Obligated balance, start of year	205	298	173
74.40	Obligated balance, end of year	−298	−173	−173
90.00	Outlays, excluding pay raise supplemental	1,492	1,755	1,654
91.20	Outlays from civilian pay raise supplemental		39	

Congressional appropriations finance the personnel and personnel-related expenses incurred in the basic day-to-day operation of the Commission.

Object Classification (in thousands of dollars)

Identification code: 55-0100-0-1-806		1978 actual	1979 est.	1980 est.
	Personnel compensation:			
11.1	Permanent positions	886	944	1,010
11.3	Positions other than permanent	10	15	15
11.5	Other personnel compensation	5	15	10
11.8	Special personal services payments	107	69	60
	Total personnel compensation	1,008	1,043	1,095
12.1	Personnel benefits: Civilian	80	85	92
21.0	Travel and transportation of persons	56	76	60
22.0	Transportation of things	9	8	10
23.1	Standard level user charges	128	156	156
23.2	Communications, utilities, and other rent	110	124	83
24.0	Printing and reproduction	19	74	55
25.0	Other services	156	94	80
26.0	Supplies and materials	35	33	38
31.0	Equipment	84	10	14
99.0	Total obligations	1,685	1,703	1,683

Personnel Summary

Total number of permanent positions	37	37	37
Full-time equivalent of other positions	1	1	0
Total compensable work-years	37	37	37
Average IR grade	10.70	10.70	10.70
Average IR salary	$24,110	$24,541	$25,432
Average salary of ungraded positions	$22,000		

Intragovernmental funds:

CONSOLIDATED WORKING FUND

Program and Financing (in thousands of dollars)

Identification code: 55-3900-0-4-806		1978 actual	1979 est.	1980 est.
	Program by activities:			
	1. Study of forest land revenues (DOA)		26	
	2. State legislative program (HUD)	69	584	187
	Total program costs, funded	69	610	187
	Change in selected resources (undelivered orders)	516	−500	
10.00	Total obligations	585	110	187
	Financing:			
11.00	Offsetting collections from: Federal funds	−369	−374	−187
21.10	Deficiency, start of year	48	264	
24.10	Deficiency, end of year	−264		
	Budget authority			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	216	−264	
72.40	Obligated balance, start of year	27	538	38
74.40	Obligated balance, end of year	−538	−38	−38
90.00	Outlays	−300	236	

The Consolidated working fund receives funds from other Federal agencies for special projects carried out by the Commission pursuant to contracts with these agencies. Each contract is charged for a share of the Commission's overhead.

1979 will see the completion of the study of Federal payments in lieu of taxes on Federal lands, financed by the Department of Agriculture, and the first stages of a rewriting and updating of ACIR's State legislative program, financed in conjunction with the Department of Housing and Urban Development.

Object Classification (in thousands of dollars)

Identification code 55-3900-0-4-806	1978 actual	1979 est	1980 est
Personnel compensation:			
11.3 Positions other than permanent	28	69	35
11.8 Special personal services payments			18
Total personnel compensation	28	69	53
12.1 Personnel benefits: Civilian	2	6	3
21.0 Travel and transportation of persons	1		
23.2 Communications, utilities, and other rent	22	30	15
24.0 Printing and reproduction		3	
25.0 Other services	532		115
26.0 Supplies and materials		2	1
99.0 Total obligations	585	110	187

Personnel Summary

Total number of permanent positions	0	0	0
Full-time equivalent of other positions	2	3	3
Total compensable work years	2	3	3
Average IR grade	9.80	10.24	10.24
Average IR salary	$20,058	$25,980	$25,980

Trust Funds

CONTRIBUTIONS

Program and Financing (in thousands of dollars)

Identification code 55-8155-0-7-806	1978 actual	1979 est	1980 est
Program by activities:			
Information and other services to State and local governments (total program costs, funded)	75	162	110
Change in selected resources (undelivered orders)	-25	-25	
10.00 Total obligations	50	137	110
Financing:			
Offsetting collections from:			
11.00 Federal funds	-9	-10	-10
14.00 Non-Federal sources	-1		
21.40 Unobligated balance available, start of year	-50	-57	-30
24.40 Unobligated balance available, end of year	57	30	30
60.00 **Budget authority (appropriation)** (permanent, indefinite)	47	100	100
Relation of obligations to outlays:			
71.00 Obligations incurred, net	40	127	100
72.40 Obligated balance, start of year		25	
74.40 Obligated balance, end of year	-25		
90.00 Outlays	16	152	100

Contributions from State and local governments and nonprofit organizations are used to strengthen the Commission's clearinghouse, information, and policy education services to State and local governments and to improve intergovernmental coordination and relations.

In 1977, the Commission returned to seeking contributions from State and local governments. The States are responding positively and a goal of $100,000 (the same as in 1979) has been established.

Object Classification (in thousands of dollars)

Identification code 55-8155-0-7-806	1978 actual	1979 est	1980 est
21.0 Travel and transportation of persons	8	17	15
22.0 Transportation of things		5	5
23.2 Communications, utilities, and other rent		10	10
24.0 Printing and reproduction	34	51	30
25.0 Other services	8	54	50
99.0 Total obligations	50	137	110

Advisory Commission on Intergovernmental Relations

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of the Act of September 24, 1959, as amended (73 Stat. 703-706), [$1,654,000] *$1,807,000, of which not to exceed $2,500 may be used for meals at Commission meetings. (Independent Agencies Appropriations Act, 1980.)*

Program and Financing (in thousands of dollars)

Identification code 55-0100-0-1-806	1979 actual	1980 est.	1981 est.
Program by activities:			
1. Intergovernmental research	1,764	1,797	1,836
2. Reimbursable program:			
(a) Forest lands (USDA)		9	
(b) Financial management (HUD)		646	
(c) Federal role (HUD)		17	
(d) Public opinion (OPM)		7	
(e) Payments-in-lieu (HUD)		19	
(f) Circular A-102 (HUD)		45	
(g) State Aid (HUD)		16	
Total program costs, funded	1,764	2,560	1,836
Change in selected resources (undelivered orders)	−68	−431	
10.00 Total obligations	1,696	2,129	1,836
Financing:			
Offsetting collections from:			
11.00 Federal funds	−28	−386	−27
14.00 Non-Federal sources	−3		−2
22.40 Unobligated balance transferred from other accounts [1]		−76	
25.00 Unobligated balance lapsing	33		
Budget authority	1,698	1,717	1,807
Budget authority:			
40.00 **Appropriation**	1,698	1,654	1,807
44.20 **Supplemental for civilian pay raises**		63	
Relation of obligations to outlays:			
71.00 Obligations incurred, net	1,665	1,743	1,807
72.40 Obligated balance, start of year	298	230	150
73.40 Obligated balance transferred, net		351	
74.40 Obligated balance, end of year	−230	−150	−150
77.00 Adjustments in expired accounts	−22		
90.00 Outlays, excluding pay raise supplemental	1,712	2,111	1,807
91.20 Outlays from civilian pay raise supplemental		63	

[1] Includes $76,000 for 1980 transferred from the Consolidated working fund

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Nonrecurring projects currently under Commission study are the effect of Federal and State tax and spending policies on economic growth in the States and regions; the assignment of servicing functions among and between the various levels of government; State and local pension policies and practices; payments-in-lieu of taxes on federally owned urban property; indexation of Federal and State income taxes; the status of local discretionary authority in the 50 States; development of summary information on State aid to distressed communities; and preparation of a catalog of candidates for consolidation of Federal grant programs.

Appropriations finance the personnel and personnel-related expenses incurred in the basic day-to-day operation of the Commission.

The Commission receives funds from other Federal agencies for special projects carried out by the Commission pursuant to contracts with these agencies. Each contract is charged for a share of the Commission's overhead.

Current research being conducted under interagency contracts with the Department of Housing and Urban Development involves developing and implementing model state legislation on financial management, the assignment of functions among the various levels of government, and state aid to distressed urban areas.

Object Classification (in thousands of dollars)

Identification code 55-0100-0-1-806	1979 actual	1980 est.	1981 est.
Direct obligations:			
Personnel compensation:			
11.1 Permanent positions	959	1,038	1,058
11.3 Positions other than permanent	5	17	10
11.5 Other personnel compensation	6	7	10
11.8 Special personal services payments	67	60	70
Total personnel compensation	1,037	1,122	1,148
12.1 Personnel benefits: Civilian	85	89	95
21.0 Travel and transportation of persons	45	54	48
22.0 Transportation of things	11	10	10
23.1 Standard level user charges	133	144	155
23.2 Communications, utilities, and other rent	133	114	155
24.0 Printing and reproduction	36	32	60
25.0 Other services	158	121	120
26.0 Supplies and materials	41	22	30
31.0 Equipment	17	9	15
Total direct obligations	1,696	1,717	1,836
Reimbursable obligations:			
11.3 Personnel compensation: Positions other than permanent		64	
12.1 Personnel benefits: Civilian		4	
21.0 Travel and transportation of persons		37	
23.2 Communications, utilities, and other rent		28	
24.0 Printing and reproduction		26	
25.0 Other services		252	

31.0	Equipment		1	
	Total reimbursable obligations		412	
99.0	Total obligations	1,696	2,129	1,836

Personnel Summary

Total number of permanent positions	37	37	37
Total compensable workyears	52	52	52
Full-time equivalent of other positions	(9)	(15)	(15)
Full-time equivalent of overtime and holiday hours	(C)	(0)	(0)
Average IR grade	10.70	10.58	10.70
Average IR salary	$24,110	$25,548	$26,532
Average salary of ungraded positions	$23,210		

Intragovernmental funds:

CONSOLIDATED WORKING FUND

Program and Financing (in thousands of dollars)

Identification code: 55-3900-0-4-806	1979 actual	1980 est.	1981 est.
Program by activities:			
1. Forest lands (DOA)	12		
2. Financial management (HUD)	303		
3. Federal role (HUD)	23		
4. State aid (HUD)	13		
Total program costs, funded	351		
Change in selected resources (undelivered orders)	−187		
10.00 Total obligations	164		
Financing:			
11.00 Offsetting collections from: Federal funds	−444		
17.00 Recover of prior year obligations	−10		
21.10 Deficiency, start of year	264		
23.40 Unobligated balance transferred to other accounts [1]	76		
Budget authority			
Relation of obligations to outlays:			
71.00 Obligations incurred, net	−290		
72.40 Obligated balance, start of year	538	351	
73.40 Obligated balance transferred, net		−351	
74.40 Obligated balance, end of year	−351		
90.00 Outlays	−103		

[1] Includes $76,000 in 1979 transferred to the Salaries and expenses account for 1980

Object Classification (in thousands of dollars)

Identification code: 55-3900-0-4-806	1979 actual	1980 est.	1981 est.
21.0 Travel and transportation of persons	10		
23.2 Communications, utilities, and other rent	28		
24.0 Printing and reproduction	6		
25.0 Other services	119		
31.0 Equipment	1		
99.0 Total obligations	164		

Personnel Summary

Total number of permanent positions	0		
Total compensable workyears	3		
Full-time equivalent of other positions	(3)		
Full-time equivalent of overtime and holiday hours	(0)		
Average IR grade	10.33		
Average IR salary	$22,580		

Trust Funds

CONTRIBUTIONS

Program and Financing (in thousands of dollars)

Identification code: 55-8155-0-7-806	1979 actual	1980 est.	1981 est.
Program by activities:			
Information and other services to State and local governments (total program costs, funded)	59	139	100
Change in selected resources (undelivered orders)	9	−4	
10.00 Total obligations	68	135	100
Financing:			
14.00 Non-federal sources	−12		
17.00 Recovery of prior year obligations	−5		
21.40 Unobligated balance available, start of year	−57	−65	−30
24.40 Unobligated balance available, end of year	65	30	30
60.00 **Budget authority (appropriation)** (permanent, indefinite)	59	100	100
Relation of obligations to outlays:			
71.00 Obligations incurred, net	51	135	100
72.40 Obligated balance, start of year	25	34	30
74.40 Obligated balance, end of year	−34	−30	−30
90.00 Outlays	42	139	100

Contributions from State and local governments and nonprofit organizations are used to strengthen the Commission's clearinghouse, information, and policy education services to State and local governments and to improve intergovernmental coordination and relations. Specific items financed by this account include the Commission's quarterly publication, Intergovernmental Perspective; summaries of full Commission reports making up the In Brief series of ACIR publications; and reprints of popular out-of-print but up-to-date Commission reports.

In 1977, the Commission returned to seeking contributions from State and local governments. The States are responding positively and a goal of $100,000 has been established for 1980.

Object Classification (in thousands of dollars)

Identification code: 55-8155-0-7-806	1979 actual	1980 est.	1981 est.
21.0 Travel and transportation of persons	14	20	20
22.0 Transportation of things		5	5
23.2 Communications, utilities, and other rent		10	
24.0 Printing and reproduction	40	46	40
25.0 Other services	7	54	35
31.0 Equipment	7		
99.0 Total obligations	68	135	100

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of the Act of September 24, 1959, as amended (73 Stat. 708-706), $1,998,000 of which not to exceed $2,500 may be used for meals at Commission meetings.

Note.—The appropriation for this account for 1991 had not been enacted at the time the budget was prepared. The 1991 amounts shown below are based upon a continuing resolution Public Law 96-536 in effect through June 5, 1991.

Program and Financing (in thousands of dollars)

Identification code 55-0100-0-1-806	1990 actual	1991 est.	1992 est.
Program by activities:			
Direct program:			
Administrative expenses (total direct program costs, funded)	1,707	1,857	1,996
Change in selected resources (undelivered orders)	22		32
Total direct obligations	1,729	1,857	2,028
Reimbursable program:			
1. Pilot study (HUD)	23		
2. Financial management (HUD)	405	314	
3. Urban policy (HUD)	50		
4. Compliance project (HUD)	49		
Total reimbursable program costs, funded	527	314	
Change in selected resources (undelivered orders)	−37	−314	
Total reimbursable obligations	490		
10.00 Total obligations	2,219	1,857	2,028
Financing:			
Offsetting collections from:			
11.00 Federal funds	−465	−27	−27
14.00 Non-Federal sources	−29	−3	−3
17.40 Unobligated balance transferred from other accounts	−26		
17.50 Unobligated balance lapsing	4		
19.00 **Budget authority**	1,704	1,827	1,998
Budget authority:			
40.00 Appropriation	1,704	1,750	1,998
44.20 Supplemental for civilian pay raises		77	
Relation of obligations to outlays:			
71.00 Obligations incurred, net	1,725	1,827	1,998
72.40 Obligated balance, start of year	580	565	251
74.40 Obligated balance, end of year	−565	−251	−283
77.00 Adjustments in expired accounts	−24		
90.00 Outlays, excluding pay raise supplemental	1,717	2,066	1,964
91.20 Outlays from civilian pay raise supplemental		75	7

Includes $19,000 for 1990 transferred from the Contingency working fund.

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Nonrecurring projects currently under Commission study are the assignment of service functions among and between the various levels of government; comparing federalism as practiced in Germany, Australia, Canada, and the United States; payments-in-lieu of taxes on federally owned urban property; the status of local discretionary authority in the 50 States; development of summary information on State aid to distressed communities; and preparation of a catalog of Federal grant programs which are candidates for consolidation.

Appropriations finance the personnel and personnel-related expenses incurred in the basic day-to-day operation of the Commission.

The Commission receives funds from other Federal agencies for special projects carried out by the Commission pursuant to contracts with these agencies. Each contract is charged for a share of the Commission's overhead.

Current research being conducted under interagency contracts with the Department of Housing and Urban Development involves developing and implementing model state legislation on financial management, the assignment of functions among the various levels of government, and state aid to distressed urban areas.

Object Classification (in thousands of dollars)

Identification code 55-0100-0-1-806	1990 actual	1991 est.	1992 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent positions	1,000	1,107	1,128
11.3 Positions other than full-time permanent	3	19	12
11.5 Other personnel compensation	5	7	10
11.8 Special personal services payments	72	60	70
11.9 Total personnel compensation	1,080	1,193	1,220

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS—Continued

General and special funds—Continued

SALARIES AND EXPENSES—Continued

Object Classification (in thousands of dollars)—Continued

Identification code 55-0100-0-1-806	1980 actual	1981 est.	1982 est.
12.1 Personnel benefits: Civilian	89	95	100
Travel and transportation of persons:			
21.0 Staff travel	17	20	20
21.0 Commission	22	25	25
21.0 Invitational	6	9	9
22.0 Transportation of things	11	10	15
23.1 Standard level user charges	138	144	282
23.2 Communications, utilities, and other rent	140	172	170
24.0 Printing and reproduction	93	68	88
25.0 Other services	88	85	70
26.0 Supplies and materials	36	22	24
31.0 Equipment	11	9	5
99.0 Total direct obligations	1,729	1,857	2,028
Reimbursable obligations:			
11.3 Personnel—compensation: Positions other than full-time permanent	98		
12.1 Personnel benefits: Civilian	8		
21.0 Travel and transportation of persons	15		
23.2 Communications, utilities, and other rent	60		
25.0 Other services	309		
99.0 Total reimbursable obligations	490		
99.9 Total obligations	2,219	1,857	2,028

Personnel Summary

Total number of full-time permanent positions	35	36	36
Total compensable workyears:			
Full-time equivalent employment	40	51	51
Full-time equivalent of overtime and holiday hours	(0)	(0)	(0)
Average IR grade	12.40	12.60	12.70
Average IR salary	$27,849	$31,476	$32,166

Trust Funds

CONTRIBUTIONS

Program and Financing (in thousands of dollars)

Identification code 55-8155-0-7-806	1980 actual	1981 est.	1982 est.
Program by activities:			
Information and other services to State and local governments (total program costs, funded)	102	139	100
Change in selected resources (undelivered orders)	3		
10.00 Total obligations	105	139	100
Financing:			
14.00 Non-federal sources	−9		
17.00 Recovery of prior year obligations	−28		
21.40 Unobligated balance available, start of year	−64	−69	−30
24.40 Unobligated balance available, end of year	69	30	30
60.00 Budget authority (appropriation) (permanent, indefinite)	73	100	100
Relation of obligations to outlays:			
71.00 Obligations incurred, net	96	139	100
72.40 Obligated balance, start of year	34	9	9
74.40 Obligated balance, end of year	−9	−9	−9
78.00 Adjustment in unexpired accounts	−28		
90.00 Outlays	93	139	100

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Object Classification (in thousands of dollars)

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21.0 Travel and transportation of persons	19	20	20
22.0 Transportation of things		5	5
23.2 Communications, utilities, and other rent	1		
24.0 Printing and reproduction	53	79	50
25.0 Other services	31	35	25
31.0 Equipment	1		
99.9 Total obligations	105	139	100

The Academy for Contemporary Problems

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OPERATED BY:
Council of State Governments
International City Management Association
National Association of Counties
National Conference of State Legislatures
National Governors' Association
National League of Cities
U.S. Conference of Mayors

March 17, 1981

Senator David Durenberger
Chairman, Subcommittee on
Intergovernmental Relations
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Durenberger:

Thank you for the invitation to contribute my thoughts on the mission, structure, and work of the Advisory Commission on Intergovernmental Relations.

They are enclosed.

Sincerely,

Ralph R. Widner
President

RRW:mr
Enclosure

STATEMENT BY
RALPH R. WIDNER, PRESIDENT
ACADEMY FOR CONTEMPORARY PROBLEMS
COLUMBUS, OHIO AND WASHINGTON, D.C.

to the

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
COMMITTEE ON INTERGOVERNMENTAL AFFAIRS
U.S. SENATE
March 18, 1981

It is a privilege to comment on the mission, structure, and work of the Advisory Commission on Intergovernmental Relations from the special vantage point of the Academy for Contemporary Problems which is the policy research and training foundation of the Council of State Governments, International City Management Association, National Association of Counties, National Conference of State Legislatures, National Governors Association, National League of Cities, and U.S. Conference of Mayors.

Over the years of its existence, ACIR has made highly valued contributions to the evolution and improvement of the federal system. Its works provide the benchmarks on the subject. The quality of its analysis has remained consistently high. Its operations are open and freely subject to the rigors of debate.

We have had the closest possible cooperation with ACIR in shaping research agendas that do not duplicate, but reinforce and complement each other.

To be specific:

1) I find no persuasive reason for changing the representation on ACIR so that it includes other than officials of general governments. All other bodies are derivative of the general governments and those general governments are accountable to all of the nation's constituencies. To quote the by-now all-too-familiar Congressional advice: "If it ain't broke, don't fix it."

2) ACIR's work program has been very much on point. Its process for selecting issues for attention is sound. Its procedures for ensuring vigor and accuracy in its analysis and recommendations are excellent.

3) Perhaps its special strength is also its weakness. The process by means of which Commission members agree on findings and recommendations frequently homogenizes out of the analysis some of the more provocative and trenchant findings in the staff work. A public purpose can often be served by saying what may be impolitic, but needs to be said anyway.

ACIR might consider a form of report that does not carry the official imprimatur of the Commission, but that is released in the name of the authors for public discussion.

4) ACIR has called for a National Conference on Federalism. So have Members of Congress, the Administration, the National Governors Association, and a number of other groups. The cacophony of too many such groups as we approach the 200th anniversary of the Constitution could confuse and distract national attention to vitally important issues regarding the future of our federal system.

Your Committee might consider attempting to reconcile all these competing aspirations by authorizing a major national effort encompassing all of them. The questions we face are so central that a major national effort to determine where our federal system goes from here is more than justified, particularly at the time of our Constitutional Bicentennial. ACIR could and should provide the staff for such an effort.

5) Finally, the committee might consider the utility of regional intergovernmental Commissions modeled on and related to ACIR. In its report to the Committee, ACIR quite correctly cites its call for an evaluation of and revamping of the Federal Regional Councils. For the most part, FRC's have been a grave disappointment.

In their place, I suggest that you seriously consider establishing intergovernmental Commissions that would provide a much needed forum for cooperative administration and mediation between the levels of government on problems vital to a region of the country, but of lesser priority at the national level.

State and local officials can not meet regularly with top-ranking Federal representatives on critical problems except on a specific program basis. It can not be done state-by-state because there are too many states. But ten regional intergovernmental Commissions makes the problems manageable.

Such a move would be particularly critical if we move increasingly toward block grants and other more flexible forms of federal aid to state and local governments. Often the federal government is a direct actor in local, state, and regional affairs through its own direct actions in land management, water development, federal installations, environmental standards, etc. The federal government must be at the table if we are to coherently deal with many major problems.

The regional economic development commissions are on the verge of being terminated. The one valuable experience that grew out of them was the intergovernmental negotiation that took place within them helping to solve problems.

As the first Executive Director of the Appalachian Regional Commission, I can vouch for dozens of concrete instances in which the intergovernmental forum provided by the Commission made the federal system work in an efficient and effective way in solving problems.

We should build on these lessons from the past and not cavalierly discard all we have learned in the interest of retrenchment. To do s. would mean that we will repeat the same mistakes and waste more resources in the future.

87-202 0 - 87 - 11

The American University

College of Public and International Affairs
Center for Urban Public Policy Analysis

March 19, 1981

Honorable Dave Durenberger
Chairman, Subcommittee on
Intergovernmental Relations
507 Carroll Arms Building
301 First Street, N.E.
Washington, D.C. 20510

Dear Senator Durenberger,

Thank you for soliciting my views prior to your oversight hearing on the Advisory Commission on Intergovernmental Relations. I apologize for the tardiness of the response but I was involved in a training program all of last week.

I have read through the voluminous material you sent to me and I am impressed on several levels. First, I am impressed with the thoroughness of your inquiry and the scope of the questioning. It is a penetrating set of questions designed to accomplish a task which Congress all too often carries out in a perfunctory manner. You and your staff are to be commended for a very professional job.

The second aspect of your inquiry that impresses me is the response made by ACIR to your questions. I have been cognizant of the work of ACIR for well over a decade. I find their responses to be accurate, thorough and fair. I personally find their work to be of the highest quality and their publications are a constant reference source for every serious scholar and teacher I know in this field.

Much of the published scolarship in the field of intergovernmental relations cites material from ACIR as its source. A number of the scholars writing in the field today became interested in the subject by reading ACIR material or by writing or contributing to their publications. Needless to say, I am very positive about their contribution to the field and I strongly support their continued efforts.

The only criticism I have concerning ACIR concerns their selection process for conference attendees and contributors to their publications. The general view is that they are becoming too narrow by selecting proven successes in the field and consequently they are not uncovering the younger scholars or newer ideas.

Massachusetts & Nebraska Avenues, N.W., Washington, D.C. 20016 (202) 686-2366

This is not my reaction alone. There is a feeling in the disciplines of public administration and political science that ACIR is somewhat elitist in its academic sources. Perhaps they need to be encouraged to cast their intellectual net a little wider.

Thank you for giving me the opportunity to inform you of my views of ACIR.

Sincerely,

Bernard H. Ross

Bernard H. Ross
Director
Urban Affairs Program
Professor of Government
and Public Administration

BHR:sg

City of Alexandria, Virginia

March 24, 1981

All-America City

Honorable Dave Durenberger
Chairman, Subcommittee on
Intergovernmental Relations
Committee on Governmental Affairs
United States Senate
Washington, D. C. 20510

Dear Senator Durenberger:

Thank you for your invitation to comment on the upcoming oversight hearings on the Advisory Commission on Intergovernmental Relations. ACIR has been one of the most important institutions guiding, evaluating and improving the intergovernmental system in the United States. Your background papers provide adequate perspective on many of the issues addressed over the past years by ACIR. I believe that the record of solid research and wise recommendations needs no elaboration from me. Certainly the past record of ACIR has been outstanding.

I wish to make particular note about the future agenda for ACIR. It is obvious that the United States is going through one of the most dramatic changes in intergovernmental history. The current set of recommendations from the administration will have far reaching impacts upon state and local governments. I strongly urge Congress to provide ACIR with the resources necessary to monitor and evaluate these important changes which are already having dramatic impacts upon state and local governments. Many of the proposed changes are based upon various conclusions and assessments of past issues and problems confronted by federal, state and local governments. ACIR should carefully monitor the various major redirections of federal funding to state and local governments. It should also prepare their assessment of the impact of these various changes on local governments.

I believe that ACIR has the capacity and experience to provide extremely useful guidance during the years ahead. I hope that the resources available through the Commission will be effectively utilized by the White House and our congressional leadership.

Sincerely,

Douglas Harman

Douglas Harman
City Manager

DH/dep

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CHIEF ADMINISTRATIVE OFFICER

March 24, 1981

The Honorable Dave Durenberger
Chairman, Subcommittee on
Intergovernmental Relations
United States Senate
507 Carroll Arms Building
301 First Street, N.E.
Washington, D.C. 20510

Dear Senator,

Thank you for your invitation to express my thoughts concerning the mission, structure, and work of the Advisory Commission on Intergovernmental Relations. Your Subcommittee's review is most timely: with a new administration, new Senate leadership and many changes in state and local governmental leadership around the country, the opportunity for substantial changes to the intergovernmental system is very high. The ACIR's work can be a good working base for debating these changes.

I've been associated with the ACIR in a variety of capacities for several years. As Deputy Assistant Secretary at HUD in the early 1970's, I relied heavily on their research and advice in developing legislation and rules governing that department's grant and regulatory activities. As Deputy Associate Director of OMB from 1974 to 1976, I found their research work most helpful in assessing principal problems in the intergovernmental system. Since returning to local government in 1976, I've participated as an advisor, reviewer, and critic on several ACIR projects. Thus, I'm reasonably familiar with both the "inputs and outputs" of ACIR projects.

You requested my responses to the following questions:

1. Does the Commission adequately reflect all governmental interest?

   The Commission's membership is as representative of all interest as any such group can be. I see no need to adjust the present composition. However, I concur with comments in the Commission's oversight document that its biggest weakness is participation by Federal appointees. Most Federal members of the Commission

give Commission activities very low priority (which probably reflects the very low priority given to intergovernmental problems by most Federal agencies.)

More often than not, Executive Branch appointees participate in ACIR matters only when an appointee's agency is faced with an ACIR staff recommendation it does not like. In contrast, the state and local members tend to have an on-going interest in Commission activities and debate issues before the Commission from a much broader perspective.

This is not a flaw in the Commission's structure; it is a flaw in the priorities of some Federal officials. I would hope that your hearings on this matter will explore that problem further.

2. Are ACIR resources sufficient to the task at hand?

This question can be addressed in both qualitative and quantitative terms. From a qualitative standpoint, the ACIR staff is excellent. Most of the staff members have long experience in the field, excellent research and professional credentials, and enjoy a reputation for objectivity and integrity. Their research is as thorough as resources allow, and their findings are presented in an objective, yet readable manner. Their work has been criticized for being overly detailed; but these findings are used by a variety of professionals and other researchers. So, I do not consider this a problem.

Quantitatively, my outsider's impression is that their resources are quite limited. However, the number and range of issues that the Commission might address is so large that the limited resources force the Commission and staff to set very clear priorities and stick to them. As in any organization, this type of discipline is generally a good thing.

I have an impression of a related problem, however, that you may wish to explore during your hearings. Because of its limited resources, the Commission appears to be taking on projects of limited general value simply because some Federal organizations are willing to pay them. A recent example is the Federal aid monitoring project. In my opinion, ACIR's strength lies in its broader projects where findings are applicable to a broad spectrum of governmental interests.

3. What contributions have the recommendations of ACIR made to the intergovernmental system?

I can only address this question from my own limited perspective. However, I believe that ACIR's research into Revenue Sharing and Block Grant concepts have been very influential in the design and administration of those programs. Their evaluations of the Law Enforcement Assistance programs were very effective in the redesign of those programs and their planning processes at the state and local levels. Previous studies related to the need for intergovernmental coordination within metropolitan areas were very instrumental in moves to establish councils of government and other areawide programs.

A study whose results are just now being published could have far reaching consequences in the field of intergovernmental relations. This is the Federal Role Study, being published in several volumes, which seeks to provide a base for clarifying the relative responsibilities of the Federal government, the states, and local governments. This project should get high visibility, be reviewed by the Congress and by the Administration as a basis for a sustained effort to unsnarl the congestion in the system. I commend that study to your Committee.

4. How might the ACIR or the various intergovernmental interests adjust to improve the effectiveness of this organization?

The primary limitation of ACIR's program is its reliance on written documents to spread the results of its findings. Most of its activities are centered in Washington. The Commission rarely ventures outside of Washington to hold hearings or meetings. ACIR products are rarely presented or discussed at conferences outside of Washington. I believe that the ACIR results would get much greater attention if a deliberate program of seminars, workshops, conference presentations and similar "marketing" efforts was undertaken. The public interest groups representing the states and local governments would be happy to work with ACIR to help bring this about. I would further recommend that the Commission itself consider holding more meetings outside Washington, D.C.

5. Which recommendations that have not been implemented require immediate attention?

This is a difficult question for me to answer given my limited knowledge of the full scope of ACIR recommendations.

Among the recent studies, the recommendations of the Federal aid monitoring project, which were relatively simple and easy to implement, were totally ignored by the past Administration (although it requested the study). The recommendations on Citizen Participation have applicability to the Administration's new approach to a partnership arrangement with the states and local governments. I would again call your attention to the Federal Role study, which will have a number of findings and which should receive widespread debate.

In summary, I believe that the Commission has had a significant effect on the intergovernmental system over the years; that its work enjoys a reputation for quality and objectivity; and that it is reasonably representative of the community of interests in intergovernmental relations. Its effectiveness would increase by greater visibility outside of Washington, D.C. and by more regular and open participation by Federal appointees.

Thank you again for the opportunity to contribute these views to your hearings. I'll look forward to seeing the results of your review.

Sincerely,

CLIFFORD W. GRAVES
Chief Administrative Officer

CWG:bpp

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

MAR 19 1981

GGI-80

The Honorable Dave Durenberger
Chairman, Subcommittee on
Intergovernmental Relations
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

In your letter dated March 5, 1981, you requested that we review the Advisory Commission on Intergovernmental Relations' (ACIR) responses to the Subcommittee oversight questions and share our thoughts on the mission, structure, and work of ACIR.

While we are not in a position to comment on either the adequacy of ACIR's resources or composition, we feel strongly that the work of the Commission has been outstanding and made a substantial contribution to improving public policy and the process of government. While it is difficult to attribute specific intergovernmental improvements to any one organization, it is fair to say that ACIR's work in general has set the stage for reform by defining the key issues and stimulating the concern and awareness of the policymaking community.

The Commission and its excellent staff have assumed a leadership role in generating the agenda for grant reform which we have strongly supported. Unlike any other Federal organization, this uniquely intergovernmental body has been able to directly address State and local government problems by recommending model legislation and management reforms. ACIR studies and reports have also proved to be exceptionally useful to us in our own field evaluations of intergovernmental problems and solutions.

Given its record of excellence, it would be most useful to explore how the important resources of ACIR could be best used to help address the pressing intergovernmental challenges and problems of the future ushered in by resource scarcity. While the future may indeed be inscrutable, it is nevertheless true that the issues of intergovernmental relations are becoming more relevant and salient as scarcity forces each level of government to reassess its role in the delivery of public

services. Decisions on the scope and role of each level of government should no longer occur in isolation, but should be made with full knowledge of the intergovernmental consequences. The ACIR, of course, is a valuable resource that could bring rationality and consensus to the mutual adjustments in roles and relations among the governments likely to occur in the future.

We believe that several additional lines of inquiry could be initiated to explore ways to enhance the effectiveness of ACIR's current role as well as to assess other roles that the Commission could viably assume over the next few years. Specifically, we would suggest that the following issues merit further exploration with ACIR.

IMPLEMENTATION OF
ACIR RECOMMENDATIONS

ACIR's studies usually culminate in far-reaching policy recommendations for the Federal Government and for State and local governments. While its recommendations are significant and fully supported by research findings, implementation by the Congress and the Federal agencies is often not forthcoming. This "implementation gap" is, in large part, a function of the fact that the broad-sweeping changes in structure and process ACIR calls for often conflict with fundamental features of our political system that nurture and preserve the status quo. Yet, we feel that the issue of implementation deserves more consideration on the part of ACIR as well as the Congress.

In its submission, ACIR provided a list of Federal actions which evidence successful implementation of ACIR recommendations during the past decade (see p.17). A number of variables account for successful implementation. Some are external to ACIR and are hostage to the interplay of interest groups and politics. But other factors, internal to ACIR, could also play a role; for example, availability of staff to follow-up on recommendations, or the ways in which the recommendations themselves are framed.

The Subcommittee may wish to explore with ACIR the factors within its control that explain why some recommendations are more successfully implemented than others. Does the Commission consider these factors in developing its work plans and designing its research projects? What weight should be given to these factors in establishing work plans and study agendas?

In its oversight document, ACIR appropriately notes that given its small size, the Commission must "rely on other governmental units and organizations to help encourage consideration, evaluation, and implementation of the Commission's recommendations." (See p. 25.) The Subcommittee may wish to explore some changes in procedures at the Federal level that could promote implementation of, or at least response to, ACIR recommendations. For example, consideration might be given to requiring Federal agencies or OMB to respond, within a specified time period, to ACIR recommendations addressed to the executive branch or even to the Congress. This process would be analagous to the requirement in Section 236 of the Legislative Reorganization Act which among other things requires Federal agencies, within 60 days, to inform the Senate Governmental Affairs Committee and the House Government Operations Committee on actions or responses to recommendations made by the GAO. Another possible change to promote wider support for ACIR recommendations could be to incorporate a section in each report detailing the response of the appropriate Federal or State actor responsible for implementing the recommendations along with ACIR's response.

For your use in further considering this matter, we have enclosed a copy of a GAO report which discusses approaches for dealing with recommendations by Federal study commissions.

ROLES FOR ACIR IN
INTERGOVERNMENTAL MANAGEMENT

The bulk of ACIR's work is devoted to research, reporting, and follow-up on intergovernmental problems and issues. Yet, at times, the Commission has been used by the executive branch in a management role to promote improved intergovernmental communication and feedback on Federal proposals. Under OMB Circular A-85, ACIR served as the central collection point for State and local public interest group comments on proposed Federal regulations. When that Circular was cancelled and replaced by Executive Order 12044, the ACIR role was discontinued. Recently, however, the Commission has sponsored a series of intergovernmental roundtables throughout the country at the behest of OMB to obtain non-Federal comments on proposed OMB reforms in assistance management.

Due to its unique intergovernmental character, ACIR appears to be an ideal forum for Federal attempts to enhance intergovernmental cooperation. Indeed, some have suggested that the Commission be expanded to become the Federal focal point for intergovernmental management, thereby breathing new life into the administration of OMB Circulars pertaining to the Federal financial assistance system.

Others have suggested that ACIR become the focal point for coordinating Federal capacity building and management improvement assistance to State and local governments which is currently administered by agencies as diverse as the Department of Housing and Urban Development, National Science Foundation, and the Office of Personnel Management. Currently, Federal agencies fund the State and local public interest groups to provide technical assistance and information clearinghouses to assist State and local management of specific Federal programs. If budget cuts threaten these activities, ACIR could well be asked to continue the intergovernmental communications link.

With regard to ACIR's present and potential role as an intergovernmental communications link, the Subcommittee may wish to inquire whether the Federal Advisory Committee Act (FACA) overly restricts Federal agencies' interactions with State and local public interest groups in the policy development process. Some Federal agencies, including OMB, feel constrained from fully consulting with ad hoc or informal groups of State and local officials because such consultation would be subject to the time-consuming clearance, notification, and recordkeeping procedures mandated by this Act. In fact, in 1977, OMB revoked Circular A-85, which provided for early input to proposed agency regulations by the State and local public interest groups under ACIR's auspices, because this process allegedly constituted a de facto advisory group existing in violation of the FACA procedures. Does ACIR feel that this Act should be changed? Do the restrictions imposed by the Act on the executive branch agencies argue for an expanded role for ACIR as a forum for State and local input into the Federal policy process?

The Subcommittee should also explore whether these intergovernment management roles are compatible with ACIR's mission. Specifically, how does the Commission feel that this involvement relates to its research capability? Does it complement or detract from its research work?

ACIR RESEARCH SUPPORTED BY FEDERAL AGENCIES

The Subcommittee may wish to discuss with the Commission whether the acceptance of Federal contracts for specific research distorts or influences Commission priorities. Specifically, has the Commission undertaken projects of lower priority because of the availability of Federal funds? Have other proposed projects of higher priority been delayed as a result? To what extent

do Federal funding agencies control the scope and nature of work? Does the Commission have a policy regarding the level and extent of its research supported by Federal contracts?

THE PROPOSED CONVOCATION ON FEDERALISM

ACIR recommends a Convocation to address the current malfunctioning of American federalism and to agree upon an agenda for intergovernmental reform in the 1980's. It may be useful for the Subcommittee to more fully explore the need for a Convocation. Specifically, what issues should be addressed and why? To what extent have ACIR and others already sufficiently identified and analyzed these issues? Can ACIR itself satisfy the need that would be fulfilled by the Convocation? Might the Convocation serve to delay the resolution of issues that have already been thoroughly analyzed?

- - - -

We are pleased to be of assistance to the Subcommittee as it embarks on its very ambitious intergovernmental agenda. We hope that these hearings will help strengthen the already prominent ACIR role and heighten the awareness of the problems facing our federal system.

Sincerely yours,

W. J. Anderson

William J. Anderson
Director

Enclosure

GREATER BALTIMORE COMMITTEE, INC.
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Bernard Manekin, Chairman
Robert E. Hecht, Sr., Secretary
J. Owen Cole, Treasurer
William Boucher, III, Executive Director

April 16, 1981

Honorable David Durenberger
Chairman, Subcommittee on
Intergovernmental Relations
United States Senate
Washington, D.C. 20510

Dear Senator Durenberger:

I am writing in response to your letter of March 26, 1981 regarding the Advisory Commission on Intergovernmental Relations (ACIB). As you may recall, the Greater Baltimore Committee is a business organization of over 800 businesses and is the Chamber of Commerce of Metropolitan Baltimore. As such, our purpose is to represent the business community of Greater Baltimore and in so doing advocate sound public policy.

While I have some comments to make regarding the Advisory Commission on Intergovernmental Relations, my comments are not meant to imply that the Commission currently performs its duties in an inadequate manner. There most certainly is a need for an agency to study the range of problems facing intergovernmental relations and the Advisory Commission on Intergovernmental Relations has made some contributions. My comments are as follows:

1. I note that of the twenty-six (26) members of the commission, Section 3 of Public Law 86-30 allows for the appointment of only three private citizens. Input from the private sector could be extremely beneficial to the Commission. I would hope that the provision allowing for private sector input to the Commission's work could be strengthened. Input from the private sector could be extremely beneficial to the Commission. Businesses face some of the same problems as government, and often devise creative and economical measures to solve them. For this reason, I was pleased to see Donald Regan appointed to the Treasury Department. The Greater Baltimore Committee (GBC) has long believed that the business community can serve as a valuable resource to the public sector. To this end, the GBC recently established a City/State Fiscal Relationships Subcommittee to provide private sector resources to State and local government. With regard to the Commission, not only could leading businessmen serve as members, but the resources of their corporations could be utilized. Some of the best managers, management resources, and minds reside in America's businesses.

2. As many as eight items are placed on the agenda of the Commission at any one time. Given the enormity of the issues addressed by the Commission, it might be more appropriate to limit the agenda to three items at a time.

3. A number of studies by the Commission have been mandated by law. This is not an appropriate manner of selecting items to be placed on the agenda of a Commission which is supposed to represent different forms of government equally.

I hope that these suggestions are helpful, and I particularly stress that you and your colleagues investigate means of utilizing the resources of the private sector. Some creative and effective solutions to the range of intergovernmental problems can be found through the resources of business.

I appreciate the invitation to respond on this matter and hope to hear from you again. If I can be of any further assistance, please let me know.

Sincerely,

William Boucher, III
Executive Director

WB/jdk

INDIANA UNIVERSITY
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March 18, 1981

Senator Dave Durenberger
Committee on Governmental Affairs
507 Carroll Arms Building
301 First Street, N.E.
Washington, D.C. 20510

Dear Senator Durenberger:

As you suggest, I have reviewed the responses made by the Advisory Commission on Intergovernmental Relations to the questions which your sub-committee posed to them. I think the questions were good ones and that, in general, the Commission's replies were informative and full. Here are some of my own reactions:

1. The Commission is a very valuable institution; its contributions in the past, and its potential contributions in the future, greatly outweigh its costs, both in money and in the attention and participation of important officials and citizens. As one of the replies of the Commission notes, most changes and developments in our system have multiple causes and sponsorship, but the studies and educational activities of A.C.I.R. have helped greatly in the development of useful and desirable policies, and have helped at least in some degree to slow down other policy developments which are less desirable and useful.

2. It is difficult to suggest improvements in the composition of the Commission. My impression is that the chief problem is that senior federal officials and U.S. Senators are less likely to participate actively than other members, and that this may result in somewhat greater attention to the particularistic viewpoints of those with smaller constituencies. Formal arrangements permitting senior official members to designate voting deputies might help, though they involve some dangers as well. I think it might help to increase-perhaps double-the number of non-official citizen members. This would still leave officials in a large majority, but might increase the likelihood of a somewhat broader perspective.

3. I cannot think of ways to increase the likelihood of implementation of Commission recommendations. The fate of these recommendations must rest on their merits, and on the educational efforts of the members and staff of the Commission.

Sincerely,

York Willbern
Professor

YW/smn

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4 Iyar 5741
May 6, 1981

Senator David Durenberger
Chairman, Sub-Committee on Intergovernmental Relations of the
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510
U.S.A.

Dear Senator Durenberger:

I was just in the process of responding to your first letter which was forwarded to me here in Israel where I am spending a year on a Guggenheim Fellowship when your second arrived. The delay in my reply, then, is result of the delay in my receipt of your request. As it turns out, from my perspective it is good that the hearings were postponed since it gives me an opportunity to overcome the problems of extended lines of communication. I hope this reaches you in time to be of use.

Reviewing the work of the Advisory Commission on Intergovernmental Relations is always difficult on my part, because of the particular mix which the ACIR represents as it relates to my own perspective on the American federal system and how its interests are best met. In many respects, our views are quite similar. We share a strong concern for the health of the federal system. We share a sense that the strength and the position of the states must be maintained if the federal system is to be strong. We share a concern as to the impact on the system of the vast expansion of the federal government in the past decade and a half and its unanticipated consequences. And, for the most part, we also share a concern for the same questions on our respective research agendas.

Where we differ and where I believe ACIR has been less than helpful is in its preoccupation with structural changes and in its continued emphasis on the separation of functions between the federal government and the states and their locales as the solution to current problems of federal encroachment and system weakness. Let me try to respond to your inquiry more specifically.

By and large, the strengths and weaknesses of ACIR are those of the federal government in general. They include:

1) a sharp gap between rhetoric and substance, whereby the rhetoric of preserving the system is stated in generalities

President DANIEL J. ELAZAR Secretary ILAN GREILSAMMER Treasurer YAACOV LANDAU Exec. Director DAVID CLAYMAN

public actions that affect the system -- which, of necessity relate to specific programs -- often take a different direction from called for by the rhetoric;

2) a pre-occupation with attempts to find once and for all structural solutions to what are in effect continuing political problems;

3) too great an influence on the part of reformist faddists on the choice of topics to be emphasized and on the direction of the proposed solutions;

4) a strongly managerial approach to the problems of government in an effort to escape the issues of high politics which are less comfortable to deal with using what is presented as a neutral device, i.e. management, but one which, in reality, reflects an ideology of its own;

5) too much of a Washington-centered perspective (many ACIR senior staff are aware of this problem) which is difficult to overcome given the pervasive influence of the Washington environment upon those within it.

None of the foregoing are surprising given the nature of public bodies. In that respect, it is a tribute to ACIR that it has achieved what it has. It plays a significant role in placing questions of intergovernmental relations on the federal agenda, and for that matter on the state and local agendas as well (although with regard to the states and localities, their task is a different one). It provides useful data to those engaged in the study and practice of intergovernmental relations. It has achieved moderate changes in the processes which inform intergovernmental activity.

The ACIR has gone through two phases; the first in the days when William Coleman was Executive Director, the second in the time of Wayne Anderson. Coleman's particular interests were in strengthening the states while Anderson's are directed toward local government. He has had an interest in strengthening metropolitan government in particular. Despite this difference in focus, the Commission has maintained the same perspective with regard to how to improve the system.

What ACIR no doubt considers the greatest barriers which it has faced, namely the unwillingness or inability of Congress and the Executive Branch to adopt its more far-reaching recommendations, almost every one of which I think would have weakened the federal system rather than strengthened it, I believe to be reflections of the strength of the federal system.

This was particularly evident with regard to the areas of the Commission's strongest efforts, namely metropolitan reorganization so as to eliminate local self-government of suburbs insofar as possible, the transfer of functional responsibi-

[illegible] for public welfare from the states to the federal government, and education from the localities to the states. These changes have been promoted within a framework which seeks the separations of functions of all governments within the federal system. In fact, while ACIR has recommended moving certain functions from local to state, and from states to the federal government, it has not presented clear recommendations for compensatory strengthening of the governments which would have lost functions had these changes been implemented. For example, ACIR recommendations to transfer welfare functions from the states to the federal government, are usually balanced by vague suggestions that other federal functions should be transferred to the states. No specific functions are mentioned, merely a counterbalance to the very specific recommendation with regard to public welfare.

With regard to metropolitan government, ACIR has backed off from this theme in recent years because it has ceased to be a major item on the reformers' agenda -another sign of the conventionality of ACIR responses in such matters.

All of this is particularly ironic because ACIR was born out of the failure of the Joint Federal - State Action Committee to achieve the separation of functions among the federal government and the states which was a far better effort than any ACIR has made to date. At that time, those of us who expected that failure to occur made it plain why it would, namely that the intermixture of functions was the only way in which the various interests concerned with them could be accommodated. What was needed was not to try to return to a putative "Golden Age" of dual federalism but to clarify the role of federal, state, and local governments within the sharing system and make certain that the federal government did not trespass beyond its proper role, an issue that continues to be with us.

In taking this position, we followed the teachings of your fellow Minnesotan, the late Professor William Anderson who was one of my mentors in such matters. He had delineated the real issues in his dissent to the Kestenbaum Commission Report published by the University of Minnesota Press nearly thirty years ago as The Nation and the States: Rivals or Partners? In one sense, ACIR accepted some version of Anderson's position but has been constantly tempted in crucial areas to move toward the other one. Thus, rather than calling for appropriate limitations on the federal government within a framework of intergovernmental collaboration, it has sought to obviate the problem by giving the federal government major domestic functions in return for an agreement that would let the states and localities handle others, an agreement which I believe could not be honored even if it were made in the first place, given the character of American politics and the thrust of American history in such matters.

The [illegible] that ACIR has done [illegible] is [illegible] and provides data on the federal system. ACIR is the largest entity established to study the federal system that exists in the United States, the only one with official staff and resources to undertake major research, data collection, and publication programs. Thus, its material has become important for all of us working in the field. It is useful for policy makers, practitioners and scholars alike.

A recent ACIR study on the federal system is especially notable in that it points out a number of aspects of the federal growth which have not been attended to by those concerned with federalism. As such, it is a special contribution although its recommendations differ from the same problems which I have delineated above.

If I were to seek a summarizing or overarching explanation as to why the ACIR takes the position it does, it would lie in its managerial approach to the federal system, an approach and perspective which seems to be built into ACIR as it has developed, one which is not uncomfortable for it because it does echo conventional wisdom abroad in the United States. Elsewhere (see attached articles) I have discussed the question of managerialism as the new ideology of American government and how problematic it is for the maintenance of federal democracy because it assumes that good government involves hierarchial organization, administration through a chain of command and the elimination of duplication as a sine qua non of efficiency. I suggest that this ideology flies in the face of the non-centralized power-sharing approach which underlines federal democracy and is based on a very different understanding of how to attain efficiency in government while maintaining its democratic aspects. I have also suggested that the managerial theory has been shown to be deficient in a cybernetic world, while cybernetics is a reflection of the federalist approach to governance.

Let me give one example of what I mean. Following the managerial approach as it does, ACIR has spent a great deal of time attacking the fact of many different federal programs directed towards what are apparently the same ends. It has never raised the question as to whether or not there might be some legitimate reason why Congress has let this situation develop. In fact, the existence of many different programs allows different groups with the same needs to obtain the federal assistance they need through channels appropriate to each, which may actually be more efficient than confining all requests to one channel, in which only one perspective dominates.

The same managerial approach seeks solutions to complex problems by trying to place functions more appropriately on the governmental hierarchy that is presumed to exist, entirely ignoring the fact that the hierarchy really does not exist. Even where a pyramid may exist, i.e. within the feder-

al executive branch, it exists [illegible] way. That is to say, the higher up one goes, the more spread out and less connected are the institutions within it. What coordination is there between the bureaus within a cabinet department in Washington, much less between departments? What kind of pyramid is that?

I dwell on what may seem to be some theoretical points because I think it is erroneous theory which has limited the effectiveness of ACIR. By confining itself to the conventional framework imposed upon it and following even more conventional lines in dealing with that framework, its output has necessarily had limited results. Had ACIR become a "bully pulpit" for teaching Americans what federalism is all about, I believe that it would have done better in improving intergovernmental relations within the federal system.

Granted, that would have been no easy task. Federalism is not one of those issues that normally evokes great interest on the part of the American public or, for that matter, on the part of public policy makers who find themselves confronting the ordinary problems of day-to-day activities, the existence of which leave little time for theoretical contemplation even if they have the inclination for it. But that task is suitable to ACIR and, however difficult, would have been worth the effort. To date the ACIR has demonstrated that it can be a well-functioning instrument and that it can do useful things. Perhaps in the course of its third decade it will also be given the proper focus which will enable it to go beyond that.

Many thanks for the opportunity to present my views. I would be happy to elaborate on any aspect of what I have written above, either in writing or in person. As a matter of fact, I will be in Washington May 14th through May 17th and would very much like the opportunity to meet with you to discuss your sub-committee's work. I hope that this will be possible. Your staff can coordinate schedules with my secretary in Philadelphia, Mary Duffy (215) 787 - 7790.

Sincerely yours,

Daniel J. Elazar
President

National Association of Counties
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April 17, 1981

Senator Dave Durenberger
Chairman, Subcommittee on Intergovernmental Relations
507 Carroll Arms Building
301 First Street, N.E.
Washington, D.C. 20510

Dear Senator:

Thank you for your invitation to comment on your ACIR oversight and review responses to the questions posed to ACIR by the Subcommittee.

By and large, NACo has always supported the idea and conduct of ACIR. It, among others, recognizes in law, the role of the various levels of governments in a consultative capacity as well as their national organizations.

The ACIR reply appears to be a thorough piece. We do take some issue with the decision that permanent substitute representatives of the Federal Executive Branch be allowed when the same accommodation is not available to other members. Though reasons for non-attendance may be legitimate, each member, in their own right has just as many legitimate demands on their time. To indicate that a Senator's staff aide can not adequately represent the Senator in these deliberations but that an Assistant Secretary can for a Secretary appears a faulty argument. However, we are not advocating expanding the substitution allowance, but would seek to curb it if ACIR is to function as Congress intended it.

Our main appreciation of ACIR's role is that it is an independent forum for discussion of intergovernmental problems -- chiefly without partisan bias. We believe, in this context it has been successful. We do not believe that success should be equated with the ability or incidence of ACIR recommendations being reflected in legislative initiative.

We have always found ACIR's work to be timely.

In commenting on ACIR in an oversight capacity, we can generally applaud its role and goals. However, we do wish to raise a number of questions which the Subcommittee may want to entertain as it attempts to focus on what ACIR's role may evolve to be. Though we offer no answers, the questions may assist in an oversight monitoring capacity in the next few years.

1. What is the significance of the new ACIR chairman being a member of the Federal Executive Branch? Does this indicate a disproportionate role for the Federal Government vis-a-vis other levels represented on the Commission? (Note that all former chairmen were public members.)

2. Will ACIR now lean toward legislative initiative studies?

3. With the advent of the Presidential Advisory Committee on Federalism, will ACIR have a role, be complementary or supplanted? What will be the relationship between these two bodies?

On a separate matter, NACo feels the A-85 review procedure for federal regulations should be reinstated and resurrect ACIR's role in that process.

Again, NACo feels the ACIR response to the Subcommittee's questions is thorough and reflective of their fine work. We would hope, given the enhanced role of the Federal Executive Branch, that permanent substitutes not be allowed so as to insure first-hand input and decision-making.

Thank you for this opportunity to comment on the report as well as offer our comments on ACIR. Should further information be required, please contact Bruce B. Talley or Linda Church Ciocci of the NACo staff.

Sincerely yours,

Bernard F. Hillenbrand
Executive Director

BFH:lp

NATIONAL ASSOCIATION OF REGIONAL COUNCILS

1700 K St., N.W., Washington, D.C. 20006 • Area Code (202) 457-0710

April 14, 1981

The Honorable David Durenberger
Chairman, Senate Subcommittee on
Intergovernmental Relations
353 Russell Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

We appreciated your recent request that the National Association of Regional Councils review the Advisory Commission on Intergovernmental Relations' (ACIR) responses to your subcommittee's questions.

We have reviewed that package and find that we have only one additional point to make beyond those made by ACIR. That point concerns the role of substate organizations as represented on the/ACIR.

State and local governments are represented on ACIR. ACIR's agenda has been sensitive to substate regional issues. We feel that this has been beneficial and hope that your panel continues that interest.

However, we believe that development and intergovernmental issues at the substate level will become increasingly important as federal/state/local resources continue to tighten. Therefore, it is an opportune time for ACIR to number among its members those who directly represent the regional perspective.

We propose that the subcommittee consider recommending that one or two seats be added or set aside on ACIR which would provide for direct participation by those representing regional councils. Members could be chosen from the most established type of council -- the voluntary association of local governments -- and/or one from the type of council which has received

President CHARLES SALEY MARICOPA REGION, ARIZONA
First Vice President TOBY KIRKPATRICK METRO PORTLAND REGION, OREGON
Second Vice President JIM JACKSON ATLANTA REGION, GEORGIA
Immediate Past President JAMES H. WILSON SOUTHERN CALIFORNIA REGION
Executive Director RICHARD C. HARTMAN

additional responsibility from its state or the electorate such as that in your home state, Metro Council (St. Paul, Minn), or Metro (Portland, Oregon). Or there could be a representative from one of the thirty large interstate councils.

The addition of the regional perspective to ACIR would make a significant and realistic contribution to that group's discussions of the American intergovernmental system.

I look forward to your response to this suggestion.

Thank you.

Sincerely,

Charles Salem

Charles Salem
President

/jm

Shelby County Government

William N. Morris, Jr., Mayor

March 17, 1981

Honorable Dave Durenberger, Chairman
Subcommittee on Intergovernmental Relations
c/o Carol Harvey, Chief Clerk
507 Carroll Arms Building
301 First Street, N. W.
Washington, D. C. 20510

RE: ACIR Oversight Hearing

Dear Senator:

The ACIR is one of the few federally established and funded agencies which does a superlative job with a minimum of resources. In addition, it is one of the few Commissions that not only listens, but also hears, the advice of all the government partners in the federal system.

More specifically to your questions:

(1) Does the Commission adequately reflect all intergovernmental interests?
Yes, but this does not mean every intergovernmental interest agrees with every ACIR recommendation.

(2) Are their resources sufficient to the task at hand?
No, considering the activities, they are presently involved in and tasks they should be involved in very soon, their budget should be substantially increased. If the administration and Congress were more receptive to ACIR recommendations, we wouldn't be in the mess we are in now.

(3) What contributions have the recommendations of ACIR made to improving the intergovernmental system?
Page 16-20 of the oversight document cover ACIR contributions very nicely. The ACIR fourteen (14) part series entitled The Intergovernmental Grant System: An Assessment and Proposed Policies, should be required

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reading for all elected and appointed policy makers at the national, state and local levels of government. These documents provide a common ground from which serious policy debates on reforming all governmental systems can occur.

(4) How might the ACIR or the various intergovernmental interests adjust to improve the effectiveness of this organization?

Recognize the importance of ACIR's work and rely on it more as a basic tool for improving government structure and functions at all governmental levels. Provide adequate funding. Participate more in its deliberations. Actively support its recommendations as initial steps toward improved dialogue leading to national, state and local partnership policy.

(5) Which recommendations that have not been implemented require immediate attention?

Pages 21-23 of the oversight document cover ACIR's pending recommendations.

As the first priority, the Congress and the administration with the concurrence of the public interest groups (National Association of Counties, National League of Cities, Governors Conference, etc.), should direct the ACIR to convene a convocation on federalism as soon as possible. If the national administration declines to participate in the convocation, the Congress should assume its rightful leadership policy role in establishing the convocation.

The second priority would be to use the convocation's conclusions and recommendations to truely reform the structure and functions of all governmental systems.

While these priorities are being acted on, the Congress should be simultaneously establishing the enabling legislation to guide the subsequent reforms. Grant and Regulatory Reform are two essential priorities in this regard.

Senator, there is an additional question which should be asked:

(6) What new activities should ACIR consider?

Tax Reform: ACIR should be directed to develop a series of recommendations regarding the specific policies which must

be reviewed to accomplish comprehensive tax reform legislation.

/Policy Review: ACIR should be directed to re-evaluate ACIR policy recommendations which have not been implemented after three or five years. (Example: ACIR's recommendations on regionalism and OMB circular A-95 may no longer be relevant to existing or anticipated financial conditions.)

In summary, ACIR performs a very important function. It is the one agency where decisions are made with the equal involvement of every level of government. It is the best example of what an Intergovernmental "Think Tank" should be. I sincerely hope your committee's oversight function will recognize the high degree of credibility ACIR has earned and deserves.

If you have additional questions, please let me know.

Best wishes for your continued success.

Respectfully,

Clifford L. Tuck, Administrator
Shelby County Intergovernmental
Coordination Office

CLT/cf

cc: Senator John C. Danforth
Senator Mack Mattingly
Senator Jim Sasser
Senator Sam Nunn
Mrs. Linda Church Ciocci
Mayor William N. Morris, Jr.

State University of New York at Albany

11 March 1981

Senator Dave Durenberger
C/O Carol Harvey, Chief Clerk
Subcommittee on Intergovernmental
Relations
301 First Street, N.E.
Washington, D.C. 20510

Dear Senator Durenberger,

I am pleased to offer comments on the United States Advisory Commission on Intergovernmental Relations' response to your request for answers to specific questions. In view of the comprehensive nature of your questions, I will concentrate primarily upon several of the Commission's responses.

Relative to "inputs," the question of the Commission's composition and size have been discussed over the years. In general, I tend to agree with the Commission's view that it should be a relatively small body representing the federal government, States, and general purpose local governments. Some confusion revolves around the use of the term "township" on pages 2-3 of the material enclosed with your letter. New England and New York towns, and New Jersey and Pennsylvania townships are municipal corporations possessing powers similar to those possessed by cities. Midwestern townships, on the other hand, have limited functions and in some States approximate special district units. While I agree there is little or no need to provide representation on the Commission for midwestern townships, a strong case can be made for providing membership representation on the Commission for towns in New England and New York, and townships in New Jersey and Pennsylvania.

Currently, the National League of Cities and the United States Conference of Mayors jointly nominate members as does the National Association of Counties. As a result, towns and townships have no direct representation. It is odd for a city of 4,000 population in New York State to be represented through the National League of Cities while a town of 800,000, a town of 600,000, and other large towns in the same State have no direct representation.

In Connecticut, all cities legally are towns, but all towns are not legally cities. As a result, the majority of the municipal corporations in this State lack direct representation on the Commission. In Connecticut and Rhode Island, organized county governments do not exist and the only general purpose units are cities and towns which possess similar powers.

Graduate School of Public Affairs, 1400 Washington Avenue, Albany, New York 12222, 518/457-4785

With respect to special districts (including school districts) and midwestern townships, the Commission can form special advisory committees whenever these units are involved in Commission studies.

I strongly support the Commission's recommendations on page 7 that a convocation on federalism be convened and the process of calling a constitutional convention be clarified. With thirty of the required thirty-two States calling for a constitutional convention for the purpose of proposing an amendment mandating a balanced national budget, it is essential that the procedures for calling and holding a convention clearly be established.

The Commission's reply to your question on page 21 is in need of clarification. If you read the reply literally, you would conclude that "education, medical assistance," etc. were national services that should be transferred to the subnational level. What the Commission means is that there is substantial federal involvement in these functional areas which should be the sole responsibility of subnational units.

Relative to page 26, I concur with the recommendation to strengthen the central management role of the Office of Management and Budget. Because of the proliferation of agencies and programs during the late 1930s and early 1940s, Congress in 1943 made the old Bureau of the Budget the central management agency and its general reputation was excellent. The great expansion of categorical grant-in-aid programs since 1950s has created a serious national management problem. OMB is the only agency with the potential for coordinating and improving federal program administration. The Commission also is on target in calling for a reinforcement of the position of intergovernmental liaison officers within federal agencies.

The concept of Federal Regional Councils appears to be sound, but these Councils never have been satisfactory bodies. Interposing Councils between Washington agencies and field agencies creates unavoidable communications and managerial problems. Nevertheless, these problems can be minimized and will be outweighed in terms of costs and benefits by the advantages flowing from improved regional coordination of federal programmatic activities.

In general ACIR has carried out successfully its assigned functions and is recognized widely as the leading research organization on federalism and intergovernmental relations. Other than the possibility of providing direct representation on the Commission for the towns and townships that are strong municipal corporations, I have no suggestions for change in the Commission's organization or procedures.

While it is possible to develop a laundry list of research project for the Commission to undertake, I will limit my suggestions to four areas.

First, increasing partial federal preemption since 1965 has instituted a revolution in intergovernmental relations that has not been recognized fully. With the national government establishing minimum standards and allowing States to continue to regulate provided their standards meet or exceed federal standards and are enforced, the process of developing regulatory programs has assumed a new form with the shape of the programs being determined in large measure by bargaining between federal administrators and their State counterparts. The extent of federal authority in many of these areas is unclear and no role necessarily is provided for local governments in the bargaining and accommodation process. Furthermore, a number of federal preemptory acts assign powers to Governors which they do not possess under their state constitutions, changing notions of the balance of power between Governors and State Legislatures.

Second, the use of federal tax credits as a supplement or alternative to categorical grants-in-aid, or even revenue sharing, should be explored in depth. Experience with credits under the Revenue Act of 1926 and the Social Security Act of 1935 reveals that tax credits can achieve national goals.

Third, the role of Congress and the federal judiciary in determining the nature of state and local electoral systems needs in-depth examination. Such a study is particularly appropriate at this time as Congress is debating the question of extending the sections of the Voting Rights Act that expire in 1982 and the remaining sections expire in 1985.

While most observers will agree the Voting Rights Act has been successful in ending most abuses of the voting rights of blacks, the Act and interpretations of the Act by the United States Attorney General and courts have created other problems.

Congress in attempting to provide special protection for the voting rights of specified groups has entered a quagmire. To cite an example, a group of blacks in Port Arthur, Texas, sued the City to force a change in its electoral system to a single member district system. Blacks are accorded special protection under the Act, but special protection also is provided Mexican-Americans who intervened on the side of the City in opposition to the single member district system. Under these circumstances, one minority group is apt to be unhappy regardless of the outcome of the various court cases.

Since the United States Supreme Court in the second Richmond case sanctioned the use of single member district systems, the Justice Department has been promoting the single member district system although denying that the Department officially favors the system or any other system. There are alternative electoral systems that will protect the rights of all groups and these systems generally are not being considered at this time.

Fourth, the 1980 decisions of the United States Supreme Court striking at the sovereign immunity of subnational governments illustrate the tendency of the Court to issue expansive interpretations of acts of Congress. See Maine v. Thiboutot, 100 S. Ct. 2502 and Owen v. City of Independence, 100 S. Ct. 1398. This area clearly is in need of investigation.

To sum up, ACIR has been addressing in a most competent manner on a continuing basis the major issues of federalism and intergovernmental relations, and has been able to attract and retain exceptionally well qualified staff members.

Sincerely

Joseph F. Zimmerman

Joseph F. Zimmerman
Professor

SYRACUSE UNIVERSITY
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315/423-3252

April 2, 1981

Senator Dave Durenberger
Chairman, Subcommittee on
Intergovernmental Relations
United States Senate
Washington, D. C. 20510

Dear Senator Durenberger:

I regret my inability to respond to your letter of March 5 by the deadline you set, March 19. I hope that the oversight hearings were thorough and successful.

May I simply state my views in the wake of those hearings? We, in the schools of public affairs, who are interested in ACIR, consider it the most valuable research and discussion instrument available. Its reports have in general been thorough, insightful, and scholarly. They have helped us, and we believe, have helped members of Congress and the Executive Branch much more thoroughly to understand the very intricate system of relationships between national, state, and local governments. We know of no other agency that is working at this most important endeavor, aside from much smaller research groups and individuals in universities and non-profit institutions.

I find no serious flaws in the representation scheme on which ACIR is based.

I would think the present Senate majority would find in ACIR a very useful adjunct in pursuing further emphasis on state and local participation in the federal system. This indeed has been a major emphasis by ACIR before the present Congress.

In short, I urge you and your colleagues to support ACIR and to continue it in its existing role.

Sincerely,

Guthrie S. Birkhead
Dean

SYRACUSE UNIVERSITY

THE MAXWELL SCHOOL METROPOLITAN STUDIES PROGRAM

426 MAXWELL HALL SYRACUSE, NEW YORK 13210 315 423-2314

April 22, 1981

Senator Dave Durenberger
Chairman, Subcommittee on Intergovernmental Relations
United States Senate
Washington, D.C. 20510

Dear Mr. Durenberger:

Thank you for the opportunity to comment on the Advisory Commission on Intergovernmental Relations and its mission, structure, and work. My tardiness has nothing to do with a lack of interest in, or respect for the ACIR, but is due to my absence from the University this semester. Without question, the ACIR has made a significant and important contribution to the study and reform of intergovernmental relations in the United States. The need for their work is even greater today than it has been in the past and I hope that Congress continues to support this very worthwhile effort.

With the prospects for Federal budget cuts, heavily in the areas of Federal aid to state and local governments, and with the tax cutting attitude of many state and local governments, it is important for us to understand the implications for the financing and delivery of public services. It is also very important to understand how the Federal role is changing, so that we might better plan the next two decades of state and local government finance. The ACIR makes a very important contribution in this area in two ways: it brings together data and other information, and manipulates and interprets these data, so that we all have a much better understanding of how the intergovernmental system operates. If ACIR did not do this, it is not at all clear to me who would. It is clear, however, that the data would not likely be manipulated in an impartial way--just think about the snow-belt/frost-belt controversy and the misuses of data that have resulted--and public policy would be much the worse for it. Second, the ACIR staff studies have been of enormous value to policy makers and practitioners in understanding how various aspects of the system work and what their real effects are.

I would also add that the cordial and open offices of the ACIR have always been a delight to one working in this area. Like so many people, I feel completely free to pick up the phone and call ACIR, or to write them, about any one of a number of matters. They are a resource that the U.S. government can ill afford to do without. As you can see, I am the strongest of advocates and would be happy to elaborate on my position.

Thank you for inviting this letter.

Sincerely,

Roy Bahl
Director

RB:ca

THE UNIVERSITY OF NORTH CAROLINA
AT
CHAPEL HILL

March 19, 1980

Senator Dave Durenberger
c/o Carol Harvey, Chief Clerk
Subcommittee on Intergovernmental
Relations
507 Carroll Arms Building
301 First Street, N.E.
Washington, D.C. 20510

Dear Senator Durenberger:

Thank you for giving me the opportunity to review the oversight document on the Advisory Commission on Intergovernmental Relations. At the outset, let me say that my perspective on ACIR is that of a practitioner/academic with more than twenty years of experience in government at all levels, including more than five years as a local elected official, chairman of a regional council of governments, and member and chairman of various national and state panels.

I believe that ACIR has through the years produced a solid record of analysis and recommendations regarding our federal system. This work reflects the best that thoughtful students of American federalism have produced during the life of ACIR and the process used by the Commission assures that the recommendations are the product of reflective and involved practitioners. The record of implementation of ACIR recommendations is truly remarkable when one recognizes the highly political nature of their coverage and the resistance to change that is inherent in our governmental structure.

I have one thought regarding the structure of membership of this Commission. Currently, local municipal government representation is limited to mayors. This leaves city councils as the only unrepresented legislative group (except in a small number of cases where mayors also serve as members of their community's governing body). I would urge the Committee to consider amending the organic act of ACIR to include both mayors and council members.

I appreciate this opportunity to comment on the work of ACIR as an outstanding and valuable participant in the American intergovernmental experience. I look forward to its continued work as a stimulating and critical component of our dynamic federal system.

Sincerely yours,

Jonathan B. Howes

Jonathan B. Howes
Director

West Point Pepperell

Conrad M. Fowler
Director of Public Affairs

March 31, 1981

The Honorable Dave Durenberger
United States Senate
c/o Carol Harvey, Chief Clerk
Subcommittee on Intergovernmental
Relations
507 Carroll Arms Building
301 First Street, N. E.
Washington, D. C. 20510

Dear Senator Durenberger:

I was away from my office for almost two weeks in mid-March and have been delayed in replying to your letter of March 5. You requested my opinion on certain matters relating to ACIR.

I was a member of ACIR from 1967 until 1976: a representative of County Government.

In my judgment the Commission adequately reflects all intergovernmental interests. It would be a mistake to have representation from agencies of local government that do not function as general-purpose units of government. On occasions when the Commission is involved in considering issues of significance to Townships and school boards, the Commission has invited representatives from these agencies to participate in the deliberations of the Commission. I believe this to be adequate.

We have seen many changes in the roles and relationships of the three levels of government. These roles and relationships will continue to need study in order to accomplish adjustments made necessary by change.

The work of ACIR is of considerable importance to federal, state, and local governments. The studies by ACIR have had great impact upon policy makers at all levels. ACIR publications are widely read by the academic world. The accumulation of knowledge and experience of ACIR is not duplicated elsewhere.

As we anticipate the stresses that will be with us during the remainder of this century, we applaud the wisdom of the Congress in having provided the nation a commission with the particular mission of studying the intergovernmental relationships that are of such significance to all three levels.

Sincerely,

Conrad M. Fowler

Conrad M. Fowler

POST OFFICE BOX 71, WEST POINT, GEORGIA 31833 • AREA 205 756-7111

March 18, 1981

Honorable Dave Durenberger, Chairman
Senate Subcommittee on Intergovernmental Relations
Washington, D.C. 20510

Dear Mr. Chairman,

This is in response to your letter of March 5, 1981, and its attached oversight document on the work and record of the Advisory Commission on Intergovernmental Relations (ACIR). Following are my responses to the questions posed by the Subcommittee; they are keyed by corresponding numbers. In the interest of brevity, where my views are along the same lines as the ACIR response, I merely note general concurrence, with or without additional comment. Where my views differ significantly, the reasons therefor are stated. Several questions are factual and no comment necessary. I have no objection to this response, or any parts thereof in appropriate context, being included in the hearing record.

Commission Membership and the Appointment Process

1. Factual

2. Factual

3. Factual

4. Until two or three years ago I concurred with the position stated. However, due to the increasing tendency of many ACIR members, especially those representing state and local governments, to vote a straight parochial line on complex intergovernmental matters, I think the addition of an additional three public members (e.g., one appointed by the Senate majority leader, one by the Speaker and one by the President, a formulation somewhat similar to that provided in the Roth-Eagleton bill, S. 10) might be helpful. The number would not be unmanageable because there's often a quorum problem

anyway. An example of the not infrequent parochial (and consequently less useful and less credible) stances of the Commission was its urging no change whatsoever in the 1976 reauthorization of general revenue sharing.

5. The ACIR act should be amended to provide additional public representation.

6. Concur with ACIR response

7. Factual

Agenda Setting and Commission Oversight of Staff Work

1. Factual

2. Factual

3. Factual

4. Factual

5. In addition to the factual response, I believe the Commission, through its Chairman, should tighten up on the inclusion of viable alternative recommendations on difficult and controversial issues presented in draft reports for the Commission's consideration. I have sensed on occasion, and perhaps mistakenly, the inclusion of "straw man" alternatives.

Public Review and Participation

1. Factual. Regarding the use of mail solicitation, I believe additional caution needs to be taken, through telephone follow up or other means, to assure an approximate representative response. Partisans on an issue are fairly sure to respond. Knowledgeable neutrals sometimes need to be prodded.

2. Factual

3. Factual

Recommendations and Implementation

1. Factual. Regarding Attachment C (recommendations adopted during the Seventies) I would note (a) the generality of quite a number of

recommendations relating to decongesting the federal role in the federal system, rendering difficult their translation into legislative proposals; and (b) under-attention to the numerous regulatory issues not associated with federal grants and to the basic intergovernmental issues associated with national supersession of state constitutional and statutory actions.

2. Factual. Perhaps House Ways and Means and Senate Finance are involved frequently in those recommendations dealing with tax and fiscal matters and if intergovernmental regulatory and constitutional questions are addressed in the future with substance as well as process being considered, committees other than Governmental Affairs and Government Operations would become increasingly involved.

3. Factual

4. Factual

5. Factual. Concur in ACIR judgment of relative progress of national and state governments in intergovernmental improvements.

6. Concur in general. However, I no longer believe that federalization of welfare and medicaid is either desirable or feasible -- it would involve a massive "equalization up" of benefit levels, bringing federally unaffordable and equitably unwarranted windfalls to millions of people and thousands of governmental units, especially in lower cost-of-living areas. Also, while concurring in the decentralization and devolution to sub national levels of the other cited "illustrative" services, it is regrettable -- in hindsight -- that ACIR did not develop more specifics in its decongestion proposals so that some draft bills or outlines thereof would have been available to the new Administration.

7. Concur strongly, except to state belief that the Commission needs to be more specific in its proposals about functional performance (there is not and probably cannot be a formal, legislated, functional assignment process). Legislatures can and should enunciate criteria that general and special units of local government should meet in moving to undertake particular functions. Also, I have uneasiness about making ACIR's universal. It would perhaps be more considerate of non-federal sensitivities to speak of "structures for state-local cooperation."

8 and 9. Concur. This is a very important and increasingly successful aspect of ACIR's work.

Budget and Appropriations

1. Factual

2. Factual

3. Factual

4. Factual

5. Factual. It is very important that these periodic reviews by the Congress continue. The circulation of an oversight document such as the present one to various organizations and individuals strikes me as a very good supplement to the formal hearings.

6. Factual

7. Factual

In the foregoing I have concentrated on points of difference with the ACIR response. I think the Commission is doing a good job, is following the letter and spirit of the authorizing legislation, diligently solicits criticism and suggestions for improving its work, and is making an increasingly significant contribution to the strengthening of American federalism.

Respectfully submitted,

Wm. G. Colman

CHAPTER 53—ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

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§ 4271. Establishment

There is established a permanent bipartisan commission to be known as the Advisory Commission on Intergovernmental Relations, hereinafter referred to as the "Commission".

Pub.L. 86-380, § 1, Sept. 24, 1959, 73 Stat. 703.

Historical Note

Termination of Office of Intergovernmental Relations. Ex.Ord.No.11455, Feb. 14, 1969, 34 F.R. 2299, formerly set out as a note under this section, which established the Office of Intergovernmental Relations and prescribed its functions, was revoked by section 4 of Ex.Ord.No. 11690, Dec. 14, 1972, 37 F.R. 26815, set out as a note under section 301 of Title 3, The President. Section 5 of Ex.Ord.No. 11690 transferred the records, property, personnel and funds of the Office of Intergovernmental Relations to the Domestic Council.

Office of Intergovernmental Relations; Authorization of Appropriations; Compensation of Director; Appointment of Personnel; Experts and Consultants. Pub.L. 91-186, Dec. 30, 1969, 83 Stat. 849, authorized the appropriation of such

sums as may be necessary for the expenses of the Office of Intergovernmental Relations, established by Ex.Ord.No.11455, formerly set out as a note under this section, prescribed the compensation of the Director of the Office, and authorized the Director to appoint such personnel as he deems necessary and to obtain the services of experts and consultants.

Legislative History. For legislative history and purpose of Pub.L. 86-380, see 1959 U.S.Code Cong. and Adm.News, p. 2898.

Library References

States ⇨4.19. C.J.S. States §§ 1, 7.

§ 4272. Declaration of purpose

Because the complexity of modern life intensifies the need in a federal form of government for the fullest cooperation and coordination of activities between the levels of government, and because population growth and scientific developments portend an increasingly complex society in future years, it is essential that an appropriate agency be established to give continuing attention to intergovernmental problems.

It is intended that the Commission, in the performance of its duties, will—

(1) bring together representatives of the Federal, State, and local governments for the consideration of common problems;

(2) provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation;

(3) give critical attention to the conditions and controls involved in the administration of Federal grant programs;

(4) make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the Federal system;

(5) encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation;

(6) recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government; and

(7) recommend methods of coordinating and simplifying tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers.

Pub.L. 86-380, § 2, Sept. 24, 1959, 73 Stat. 703.

Historical Note

Legislative History. For legislative history and purpose of Pub.L. 86-380, see 1959 U.S.Code Cong. and Adm.News, p. 2898.

§ 4273. Membership of Commission

Number of members; appointment; qualifications

(a) The Commission shall be composed of twenty-six members, as follows:

(1) Six appointed by the President of the United States, three of whom sh ll be officers of the executive branch of the Government, and three private citizens, all of whom shall have had experience or familiarity with relations between the levels of government;

(2) Three appointed by the President of the Senate, who shall be Members of the Senate;

(3) Three appointed by the Speaker of the House of Representatives, who shall be Members of the House;

(4) Four appointed by the President from a panel of at least eight Governors submitted by the Governors' Conference;

(5) Three appointed by the President from a panel of at least six members of State legislative bodies submitted by the board of managers of the Council of State Governments;

(6) Four appointed by the President from a panel of at least eight mayors submitted jointly by the National League of Cities and the United States Conference of Mayors; and

(7) Three appointed by the President from a panel of at least six elected county officers submitted by the National Association of Counties.

Political and geographical composition

(b) The members appointed from private life under paragraph (1) of subsection (a) of this section shall be appointed without regard to political affiliation; of each class of members enumerated in paragraphs (2) and (3) of subsection (a) of this section, two shall be from the majority party of the respective houses; of each class of members enumerated in paragraphs (4), (5), (6), and (7) of subsection (a) of this section, not more than two shall be from any one political party; of each class of members enumerated in paragraphs (5), (6) and (7) of subsection (a) of this section, not more than one shall be from any one State; at least two of the appointees under paragraph (6) of subsection (a) of this section shall be from cities under five hundred thousand population.

Term of office; reappointment; period of service

(c) The term of office of each member of the Commission shall be two years; members shall be eligible for reappointment; and, except

as provided in section 4274(d) of this title, members shall serve until their successors are appointed.

Pub.L. 86-380, § 3, Sept. 24, 1959, 73 Stat. 704; Pub.L. 89-733, §§ 1, 2, Nov. 2, 1966, 80 Stat. 1162.

Historical Note

1966 Amendment. Subsec. (a)(6). Pub. L. 89-733, § 1, substituted "National League of Cities" for "American Municipal Association".

Subsec. (a)(7). Pub.L. 89-733, § 1, substituted "National Association of Counties" for "National Association of County Officials".

Subsec. (c). Pub.L. 89-733, § 2, inserted provisions that members shall serve until their successors are appointed, except as provided in section 4274(d) of this title.

Legislative History. For legislative history and purpose of Pub.L. 86-380, see 1959 U.S.Code Cong. and Adm.News, p. 2898. See, also, Pub.L. 89-733, 1966 U.S. Code Cong. and Adm.News, p. 3802.

§ 4274. Organization of Commission

Initial meeting

(a) The President shall convene the Commission within ninety days following September 24, 1959 at such time and place as he may designate for the Commission's initial meeting.

Chairman and Vice Chairman

(b) The President shall designate a Chairman and a Vice Chairman from among members of the Commission.

Vacancies in membership

(c) Any vacancy in the membership of the Commission shall be filled in the same manner in which the original appointment was made; except that where the number of vacancies is fewer than the number of members specified in paragraphs (4), (5), (6), and (7) of section 4273(a) of this title, each panel of names submitted in accordance with the aforementioned paragraphs shall contain at least two names for each vacancy.

Termination of service in official position from which originally appointed

(d) Where any member ceases to serve in the official position from which originally appointed under section 4273(a) of this title, his place on the Commission shall be deemed to be vacant.

Quorum

(e) Thirteen members of the Commission shall constitute a quorum, but two or more members shall constitute a quorum for the purpose of conducting hearings.

Pub.L. 86-380, § 4, Sept. 24, 1959, 73 Stat. 705.

Historical Note

Legislative History. For legislative history and purpose of Pub.L. 86-380, see 1959 U.S.Code Cong. and Adm.News, p. 2808.

§ 4275. Duties of Commission

It shall be the duty of the Commission—

(1) to engage in such activities and to make such studies and investigations as are necessary or desirable in the accomplishment of the purposes set forth in section 4272 of this title;

(2) to consider, on its own initiative, ways and means for fostering better relations between the levels of government;

(3) to submit an annual report to the President and the Congress on or before January 31 of each year. The Commission may also submit such additional reports to the President, to the Congress or any committee of the Congress, and to any unit of government or organization as the Commission may deem appropriate.

Pub.L. 86-380, § 5, Sept. 24, 1959, 73 Stat. 705.

Historical Note

Study and Report to Congress of Effect on Funds Available for Housing and State and Local Bond Markets of Full Deposit Insurance for Public Funds; Submission Date; Authorization of Appropriations. Pub.L. 93-495, Title I, § 101(f), Oct. 28, 1974, 88 Stat. 1502, required the Advisory Commission on Intergovernmental Relations to conduct a study of the impact of section 101 of Pub.L. 93-495 [amending sections 1464, 1724, 1728, 1757, 1787, 1813, 1817 and 1821 of Title 12, and enacting provision set out as a note under section 1813 of Title 12] on funds available for housing and on State and local bond markets, and to make a report to the Congress of the results of its study not later than two years after Oct. 28, 1974, and authorized the appropriation of such sums as may be necessary to carry out section 101(f) of Pub.L. 93-495.

Legislative History. For legislative history and purpose of Pub.L. 86-380, see 1959 U.S.Code Cong. and Adm.News, p. 2808.

§ 4276. Powers and administrative provisions

Hearings; oaths and affirmations

(a) The Commission or, on the authorization of the Commission, any subcommittee or members thereof, may, for the purpose of carrying out the provisions of this chapter, hold such hearings, take such testimony, and sit and act at such times and places as the Commission deems advisable. Any member authorized by the Commission may administer oaths or affirmations to witnesses appearing before the Commission or any subcommittee or members thereof.

Cooperation by Federal agencies

(b) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is autho-

rized and directed to furnish to the Commission, upon request made by the Chairman or Vice Chairman, such information as the Commission deems necessary to carry out its functions under this chapter.

Executive director

(c) The Commission shall have power to appoint, fix the compensation of, and remove an executive director without regard to the civil service laws and chapter 51 and subchapter III of chapter 53 of Title 5. Such appointment shall be made solely on the basis of fitness to perform the duties of the position and without regard to political affiliation.

Appointment and compensation of other personnel; temporary and intermittent services

(d) Subject to such rules and regulations as may be adopted by the Commission, the Chairman, without regard to the civil service laws and chapter 51 and subchapter III of chapter 53 of Title 5, and without reference to political affiliation, shall have the power—

(1) to appoint, fix the compensation of, and remove such other personnel as he deems necessary,

(2) to procure temporary and intermittent services to the same extent as is authorized by section 15 of the Administrative Expenses Act of 1946 but at rates not to exceed $50 a day for individuals.

Applicability of other laws to employees

(e) Except as otherwise provided in this chapter, persons in the employ of the Commission under subsections (c) and (d)(1) of this section shall be considered to be Federal employees for all purposes, including—

(1) the Civil Service Retirement Act, as amended,

(2) the Federal Employees' Group Life Insurance Act of 1954, as amended,

(3) annual and sick leave, and

(4) the Travel Expense Act of 1949, as amended.

Maximum compensation of employees

(f) No individual employed in the service of the Commission shall be paid compensation for such employment at a rate in excess of the rate provided for grade 18 under the General Schedule, except that the executive director of the Commission may be paid compensation at any rate not exceeding the rate prescribed for level V in the Federal Executive Salary Schedule of the Federal Executive Salary Act of 1964.

Pub.L. 86–380, § 6, Sept. 24, 1959, 73 Stat. 705; Pub.L. 88–426, Title III, § 306(e), Aug. 14, 1964, 78 Stat. 429; Pub.L. 89–733, §§ 3, 4, Nov. 2, 1966, 80 Stat. 1162.

Historical Note

References in Text. The civil service laws, referred to in subsecs. (c) and (d), are set forth in Title 5, Government Organization and Employees. See, particularly, section 3301 et seq. of that Title.

Section 15 of the Administrative Expenses Act of 1946, referred to in subsec. (d), was repealed in the general revision of Title 5, and the provisions are now covered by section 3109 of Title 5.

The Civil Service Retirement Act, as amended, referred to in subsec. (e), was repealed in the general revision of Title 5, and the provisions are now covered by sections 1308, 3323 and 8331 et seq. of Title 5.

The Federal Employees' Group Life Insurance Act of 1954, as amended, referred to in subsec. (e), was repealed in the general revision of Title 5, and the provisions are now covered by sections 1308 and 8701 et seq. of Title 5.

The Travel Expense Act of 1949, as amended, referred to in subsec. (e), was repealed in the general revision of Title 5, and the provisions are now covered by sections 5701, 5702 and 5704 to 5708 of Title 5.

For grade 18 under the General Schedule, referred to in subsec. (f), see section 5332 of Title 5.

Level V in the Federal Executive Salary Schedule of the Federal Executive Salary Act of 1964, referred to in subsec. (f), is classified to section 5316 of Title 5.

1966 Amendment. Subsec. (c). Pub.L. 89-733, § 3, substituted "executive director" for "staff director".

Subsec. (f). Pub.L. 89-733, § 4, authorized the executive director of the Commission to be paid compensation at any rate not exceeding the rate prescribed for level V in the Federal Executive Salary Schedule of the Federal Executive Salary Act of 1964.

1964 Amendment. Subsec. (f). Pub.L. 88-426 substituted "at a rate in excess of the highest rate of grade 18 of the General Schedule" for "at a rate in excess of $20,000 per annum".

Effective Date of 1964 Amendment. Amendment of section by Pub.L. 88-426 effective the first day of the first pay period which begins on or after July 1, 1964, except to the extent provided in section 501(c) of Pub.L. 88-426.

Legislative History. For legislative history and purpose of Pub.L. 86-380, see 1959 U.S.Code Cong. and Adm.News, p. 2808. See, also, Pub.L. 88-426, 1964 U.S. Code Cong. and Adm.News, p. 2730; Pub.L. 89-733, 1966 U.S.Code Cong. and Adm.News, p. 3802.

Library References

United States ⇐39(2).

C.J.S. United States §§ 17, 44.

Code of Federal Regulations

Conduct and responsibilities of employees, see 5 CFR 1700.735-101 et seq.

§ 4277. Compensation of members

(a) Members of the Commission who are Members of Congress, officers of the executive branch of the Federal Government, Governors, or full-time salaried officers of city and county governments shall serve without compensation in addition to that received in their regular public employment, but shall be allowed necessary travel expenses (or, in the alternative, a per diem in lieu of subsistence and mileage not to exceed the rates prescribed in the Travel Expense Act of 1949, as amended), without regard to the Travel Expense Act of 1949, as amended, the Standardized Government Travel Regulations, or Section 10 of the Act of March 3, 1933, and other necessary expenses incurred by them in the performance of duties vested in the Commission.

(b) Unless prohibited by State or local law, members of the Commission, other than those to whom subsection (a) of this section is applicable, shall receive compensation at the rate of $50 per day for each day they are engaged in the performance of their duties as members of the Commission and shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission, as provided for in subsection (a) of this section.

Pub.L. 86–380, § 7, Sept. 24, 1959, 73 Stat. 706; Pub.L. 89–733, § 5, Nov. 2, 1966, 80 Stat. 1162.

Historical Note

References in Text. The Travel Expense Act of 1949, as amended, referred to in subsec. (a), was repealed in the general revision of Title 5, and the provisions are now covered by sections 5701, 5702 and 5704 to 5708 of Title 5, Government Organization and Employees.

Section 10 of the Act of March 3, 1933, referred to in subsec. (a), was repealed in the general revision of Title 5, and the provisions are now covered by section 5731 of Title 5.

1966 Amendment. Subsec. (b). Pub.L. 89–733 inserted "Unless prohibited by State or local law".

Legislative History. For legislative history and purpose of Pub.L. 86–380, see 1959 U.S.Code Cong. and Adm.News, p. 2898. See, also, Pub.L. 89–733, 1966 U.S. Code Cong. and Adm.News, p. 3802.

§ 4278. Authorization of appropriations

There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this chapter.

Pub.L. 86–380, § 8, Sept. 24, 1959, 73 Stat. 706.

Historical Note

Legislative History. For legislative history and purpose of Pub.L. 86–380, see 1959 U.S.Code Cong. and Adm.News, p. 2898.

§ 4279. Receipt of funds; consideration by Congress

The Commission is authorized to receive funds through grants, contracts, and contributions from State and local governments and organizations thereof, and from nonprofit organizations. Such funds may be received and expended by the Commission only for purposes of this chapter. In making appropriations to the Commission the Congress shall consider the amount of any funds received by the Commission in addition to those funds appropriated to it by the Congress.

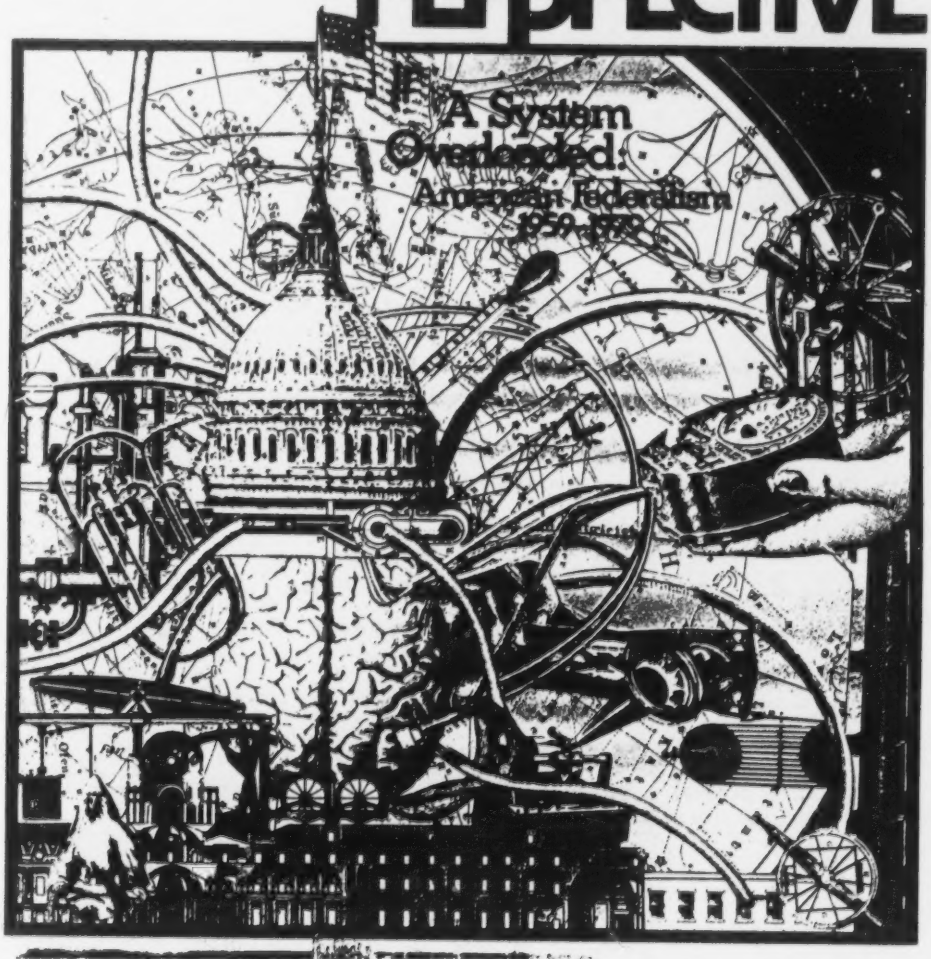
Pub.L. 86–380, § 9, as added Pub.L. 89–733, § 6, Nov. 2, 1966, 80 Stat. 1162.

Historical Note

Legislative History. For legislative history and purpose of Pub.L. 89–733, see 1966 U.S.Code Cong. and Adm.News, p. 3802.

Winter 1980, Vol. 6, No. 1

Intergovernmental PERSPECTIVE



ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

ACIR and the Intergovernmental System: A 20-Year Review

by Carol S. Weissert

The past two decades have been dramatic ones for the American intergovernmental system. The distinguishing characteristics of the system as it enters the 1980s—the pervasive nature of federal grants-in-aid, the centralization of power in Washington and state capitals, and the growing dependence of local governments on both federal and state aid—were just beginning to emerge in the fall of 1959 when President Eisenhower signed the law establishing the Advisory Commission on Intergovernmental Relations. The fledgling Commission, designed to monitor the flow of intergovernmental relations and make recommendations for change, found much to monitor and recommend. Now, 20 years later, the time may be right to make some judgments as to how well that Commission has done its work and what difference that work has made to our intergovernmental system.

Surprisingly, in view of the fact that 151 men and women have served on the Commission over the years, the philosophy of the Commission has remained relatively constant. This philosophy can perhaps be summed up as the belief that federalism works best when all three levels of government are strong. Since the federal government has been the powerhouse in the federal system over the past 20 years, much of the Commission's attention has been devoted to strengthening states and local governments and to encouraging federal restraint in areas that inhibit the development of states and localities.

The states have been a primary recipient of ACIR attention thanks to their key position as "middlemen" in the federal system. States obviously heavily influence the well-being of local government by their actions on finance, structure, and functional assignments. In the last analysis, it is only the states which can correct the fundamental problems of local governments.

Another key element of the Commission's philosophy is a bias in favor of general purpose governments and generalists who are elected or appointed to run them. Accountability is the argument used to support generalism—for if important decisions are made by limited governments (such as special districts that have single-function tunnel vision and usually do not face an electorate) or appointed functional specialists, then certainly our representative system of governance has been weakened.

Underlying these elements are certain premises that permeate the Commission's 20-year record. One is that little purpose is served in questioning federalism and the structural principles set out by the founding fathers. Another relates to the most practicable approaches for generating change. The Commission has long felt that incremental approaches are the most realistic and the ones most likely to further the concept of a balanced system. It also leans toward structural simplicity in areas such as reforming the grant system and bringing sense into regional governance.

However constant these themes, it would be misleading to say that the Commission position has remained unchanged over the past two decades, for example:

- ☐ The early years of the Commission saw more attention devoted to rather narrow, "squeaky joint" problems, including such issues as federal inheritance, estate, and gift taxes; investment of cash balances by state and local governments; and transferability of public employee retirement credits among units of government. Some of the more recent studies have focused on very broad and major improvements or overhauls of the system—such as the 14-volume, 60-recommendation study of the intergovernmental grant system and the studies currently underway attempting to delineate federal, state, and local roles and functions in our federal system.

- There has also been a change in the Commission's view of the federal government. In its earliest years, the Commission tended to view Washington as a second string player, concentrating its focus mainly on state-local activities. In recent years, Washington's paramount role in the federal system has been clearly underscored in Commission reports and recommendations.
- The Commission, in its role as intergovernmental watchdog, has become increasingly aggressive in identifying and publicizing the governmental consequences of every public policy action. Sometimes in response to outside—mainly Congressional and Presidential—requests, sometimes on its own, the Commission has attempted to assess the impact of decisions, legislation, or economic changes on the federal system, whether it be Proposition 13 in California, moves to balance the federal budget in Washington, or the impact of inflation and recession on state and local governments.

Unique Nature of the Commission

Some of these constancies—and changes—inherently derive from the unique nature of the Commission—a permanent body of representatives from all three governmental levels, established to systematically monitor intergovernmental relations. This unique nature—fully contemplated by the Congress in setting up the new body—was not without early critics.

One such critic was the Bureau of the Budget—now the Office of Management and Budget—which felt it was perfectly capable of handling intergovernmental issues. Who needs another Commission to clutter up the policy landscape, was the question it repeatedly posed.

Others felt that Congress was the ultimate commission on intergovernmental relations and as such should not be usurped by a separately established body. The word "advisory" was made a prominent part of the new group's name to clearly delineate its "stock in trade" and preserve Congressional power.

Nevertheless, the Commission was endowed from the beginning with two characteristics that are unusual for "advisory" groups. It was made permanent and independent. In making the new body permanent, the Congress recognized that intergovernmental problems are a continuous, important aspect of our federalism and that progress cannot be expected from one shot efforts at intervals.

Thus unlike the numerous bodies which advise and self-destruct, this Commission was meant to continuously monitor and make recommendations. Although the Commission must go to the Congress for appropriations each year, its authorization is fixed. In fact, the Commission itself has to encourage the Congress to hold oversight hearings once every five years in order to get a systematic assessment of its activities.

Independence. ACIR's "independent" status has long been a point of considerable confusion to the press and others who variously cite ACIR as a "Congressional arm," "Presidential commission," and at least once—a "nonprofit organization." Yet this independence has proven to be a source of strength

ACIR: A Brief History

The first formal call for a continuing agency to study intergovernmental relations was in a 1949 report of the Hoover Commission. Four years later, President Eisenhower established the Commission on Intergovernmental Relations (popularly known as the Kestnbaum Commission for its chairman), a temporary commission charged to take a close look at the federal system. The report of that commission included a recommendation that "provision should be made for a permanent center for overall attention to the problems of intergovernmental relations."

But like recommendations of many well intentioned commissions, these may well have been ignored but for the persistence of one Congressman, L. H. Fountain of North Carolina, the chairman of the House Intergovernmental Relations Subcommittee. Soon after publication of the Kestnbaum report, his subcommittee held extensive hearings on the recommendations of the commission, including formation of some type of permanent body. In 1959, the subcommittee issued a report which included a recommendation that a broadly based Advisory Commission on Intergovernmental Relations be established.

Legislation setting up such a commission was introduced in the House by Representatives Fountain and Florence Dwyer of New Jersey, and in the Senate by Senator Edmund Muskie of Maine and 25 other Senators. Joint hearings were held on the measure. It was passed by both houses and signed into law by President Eisenhower on September 24, 1959. Upon the establishment of the Commission, one existing coordinating body, the Federal-State Joint Action Committee, made up of Governors and federal officials appointed by the President, was disbanded and its files turned over to the new ACIR.

One interesting point in this history is that although the commissions initially recommending establishment of ACIR were created by the President, most of the impetus for establishment of the Commission came from the Congress, not the executive branch. And, although Sen. Muskie was active in promoting the legislation in the Senate, he gives primary credit for establishment of ACIR to Rep. Fountain. Both became original members of the Commission and Rep. Fountain still serves today. Sen. Muskie served 18 years and only resigned when his then new duties as chairman of the Senate Budget Committee preempted his attentions.

to both the fledgling and the established Commission. For the Commission has been able to set its own agenda and has been free to make the recommendations it feels are most appropriate, even if those positions frequently differ from Administration and Congressional majority preferences.

This is not to say that the President and the Congress have not made significant inputs regarding the activities of the Commission. ACIR has embarked on several studies for the President—such as the value added tax and monitoring of General Revenue Sharing in 1972, an evaluation of Administration efforts to improve federal grants administration in 1977, and monitoring state efforts to develop urban policies in 1978—and for the Congress—state taxation of out-of-state banks in 1975, citizen participation and federal role studies in the late 1970s, federal payments in lieu of taxes in 1978, and others in process.

Membership. The membership of the new body was also unique. Its makeup—as prescribed by the enabling legislation—was to be 14 state and local representatives (four Governors, four Mayors, three state legislators, three county officials), nine federal representatives (three Senators, three Representatives and three federal executives) and three private citizens. Only in the selection of cabinet officials and private citizens would the President have the option to select at will. The state and local members would be chosen by the President from a list of nominees submitted by the national public interest groups representing those officials. Congressional members would be designated by Congressional leadership.

Although the law specified a two-year term, there is no limit to how many terms members can serve, so members frequently stay on the Commission for a number of years. One current member, Rep. L. H. Fountain (NC), who was primarily responsible for the passage of ACIR's enabling legislation in 1959, has served on the Commission since its formation. Sen. Edmund Muskie (ME), another key sponsor of ACIR's enabling legislation, was on the Commission for 18 years. Several members have served on the Commission in different capacities; for example, first as Mayors, then Governors or Congressmen, or first as cabinet officials, then private citizens.

Staff. Unlike most governmental bodies, ACIR has not substantially increased its staff and budget over the years. In 1965, the staff was 23 professionals and clerical personnel. In 1971, it was 32; in 1979 it was 37. And there appears to be little desire for any substantial increase. In fact, a 1979 special committee of the Commission asked to review ACIR's work program, budget, and staffing rejected the idea that ACIR should attempt to increase its number of staff. The special committee felt that the quality and scope of Commission work might suffer with a personnel increase and expressed its desire for the continuation of the small staff for the time being.

Similarly, the budget has maintained a steady, but unspectacular, growth over the years. In 1965, it was $410,000; in 1971, $784,000. By 1979, even with the higher inflation of the 1970s, it had grown to only $1.7 million. Of this total, most came from Congressional appropriations. In addition, the Commission does seek contributions from states and localities and regularly receives grants from federal agencies and nonprofit foundations to undertake specific projects.

Role of ACIR

ACIR's role is clearly set out in its legislative mandate: to monitor intergovernmental relations and make recommendations for change. In fulfilling this mandate, the Commission has attempted to make a positive contribution of ideas for dealing with real problems through:

- providing objective and high quality intergovernmental research;
- working with federal-state-local governments to find the best ways to put to use the research results, including providing model legislation;
- fostering new institutions designed to provide intergovernmental assistance, such as state ACIRs; and
- highlighting and publicizing novel solutions to new and old problems.

A key part of the monitoring role is to serve as a focal point for intergovernmental relations. One way to do this is to translate its research into easily understandable and utilized information which is then disseminated widely to a federal-state-local audience. Another role is to monitor and report activities in the states and in Washington of major intergovernmental concern and predict trends in taxing and spending reflected by level of government and by state.

ACIR has also frequently served as a rallying point for intergovernmental proponents. Initial passage of General Revenue Sharing in the early 1970s and efforts to promote passage of omnibus grant reform legislation in the late 1970s are two examples. ACIR works very closely with national organizations representing state and local officials and other groups of elected officials in dealing with these and other key intergovernmental issues.

And finally, as a disseminator of timely, accurate information on intergovernmental relations, ACIR has maintained a close relationship with many colleges and universities. Its reports are widely used as college texts and inform thousands of the Nation's young about the workings of our federal system.

In addition, ACIR members and staff undertake fairly extensive teaching, training, and writing activities as additional ways to "spread the word" about ACIR and intergovernmental relations. The number of college-level intermediate and advanced courses in intergovernmental relations has increased since ACIR's 1969 report on federalism and the academic community which strongly urged more substantive treatment of intergovernmental relations in colleges and universities. This survey was used

ACIR Research Procedures

Selection of topics for ACIR study is one of the most important things the Commission does. These selections are determined by Commission members based on their own government experience, analyses by the ACIR staff, or on requests from various outside groups or individuals. In addition, the President and the Congress may refer an intergovernmental issue to the Commission for consideration.

In selecting items for its work program, the Commission considers the relative importance and urgency of the problem, the likelihood of constructive change, what others have done or are doing regarding the problem, and whether ACIR has the requisite competence and resources.

Once the Commission decides to consider a subject:

- ☐ ACIR staff compiles available data, research documents, and related materials on the subject through such means as surveys, interviews and statistical computations.
- ☐ Early in the process, scholars, government officials, public interest group staff members, and other persons who know the subject are brought together in a "thinkers' " session to critique the ACIR research design and raise questions about the problem area being studied.
- ☐ The staff then conducts the research, writes a background report, and formulates alternative recommendations for the Commission's consideration.
- ☐ A "critics' " session, drawn from the same kinds of persons who attended the "thinkers' " session, is convened to review the material to insure that the report is accurate, objective, and complete.
- ☐ When appropriate, the Commission holds hearings as part of its process for becoming informed about the range of opinion on the policy options.
- ☐ The Commission considers the alternative recommendations and makes its final decisions in an open session.
- ☐ Following their final actions, the research findings and accompanying recommendations are assembled, printed, and distributed widely.

There are two ACIR research sections. One deals with taxation and finance issues; the other with problems related to government structures and functions.

by a number of textbook publishers and political science departments as a basis for upgrading and expanding the teaching of intergovernmental relations.

Successes

Yet an organization's success is not proved by its recommendations and reports. Success is better measured by results, actual changes in the system or efforts that have influenced the thinking of decision-makers. In trying to list such accomplishments, several points must be made at the outset. First, in most instances ACIR was a prime mover—but not the only mover—in supporting and encouraging enactment or implementation. In others, it only added to the momentum for a particular change. Secondly, there are important external factors that affect the way ACIR's recommendations are welcomed by key recipients, including timeliness, complexity, and political realities. A number of ACIR's recommendations—such as full federal takeover of welfare, indexation of the federal income tax, use of umbrella multijurisdictional organizations (UMJOs) for all federal grants with an areawide component, and state "buy in" for federal grant programs to local governments—have not been enacted due to one or a combination of these reasons.

Other recommendations are more timely, more easily understood, and more politically salable. Falling into the "timely" category were ACIR's recommendations urging adoption of state income taxes and property tax circuit breakers. Also timely and easily understood were Commission recommendations in the area of cigarette bottlegging and state legislative appropriation of federal funds.

Most of the Commission's recommendations—and successes—fall somewhere in between the two extremes. Examples of successes at the federal level with which ACIR has been prominently associated are:

- ☐ enactment of General Revenue Sharing and five block grants;
- ☐ passage of the *Intergovernmental Cooperation Act of 1968* and Section 204 of the 1966 Model Cities legislation;
- ☐ passage of the *Uniform Relocation Act* (which was then also adopted and enacted by a number of states);
- ☐ enactment of Supplemental Security Income—nationalizing welfare aid to the aged, blind, and disabled;
- ☐ establishment of a biennial balanced growth report submitted by the President to Congress;
- ☐ incremental legislative and executive steps to make the federal aid system more flexible and easier to comprehend and understand, including adoption of various management tools such as OMB Circular A-95 and changes in grant programs such as the LEAA block grant.

At the state level, the list includes:

- ☐ institution of equitable, diversified, and productive tax systems in a number of states;
- ☐ passage of property tax circuit breakers in many states;
- ☐ reimbursement for state-imposed mandates on local governments;

- enactment of legislation authorizing interlocal cooperation and contracting statutes;
- indexation of state income taxes;
- legislative appropriation of federal funds; and
- state assumption of a primary role in financing schools.

At the local level, the Commission has worked to promote interlocal contracts, provide guidance in functional assignments among governments, encourage county modernization, urge full implementation of home rule, and support diversification of local revenue systems to relieve the traditional reliance on the property tax.

ACIR has been perhaps equally influential—but less noticeable—in helping to mold the thinking of decisionmakers in broad areas such as designing the tripartite federal grant system and reevaluating what the roles and responsibilities of various levels of government should be. The Commission has also influenced opinions through its long-term efforts to identify intergovernmental tax and spending trends spotlighting government growth, and its continuing efforts to chronicle metropolitan disparities, to support and encourage fiscal balance, and to promote balanced urban growth. Many of the Commission's recommendations in the area of substate regionalism also fall into this opinion-shaping category.

ACIR and the Intergovernmental System

Well, fine and good, but what about the real question? What impact has ACIR had on the intergovernmental system? What difference, if any, has its existence made to the federal system over the past 20 years?

One way to gauge this impact is to compare ACIR's record to the major intergovernmental trends noted in the preceding article. Where did it have a strong impact? Where were there examples of moderate impact and where little or none?

ACIR can say that it had a strong impact on three areas cited: growth in size and composition of federal aid; stronger states and strengthened state revenue systems; and the increased role of regional governance.

Federal Aid. One of the first policy reports published by the Commission in 1961 concerned federal aid.[1] Since then, the Commission has published 24 reports specifically on federal aid—13 of these as part of a major effort in the mid-1970s to assess and make recommendations to improve the intergovernmental aid system.

The Commission's recommendations on the sub-

[1]ACIR, *Modification of Federal Grants-In-Aid for Public Health Services*, A-2. Washington, DC: U.S. Government Printing Office, January 1961

The Implementation Program

The Commission recognizes that its contribution to strengthening the federal system will rightfully be measured by actual accomplishments in fostering improvements in the relationships between and among federal, state, and local governments. It therefore devotes a significant share of its resources to encouraging the consideration of its recommendations for legislative and administrative actions by government at all levels.

When the Commission makes recommendations directed at the federal level, draft bills are developed for consideration by Congress. Congressional members of the Commission—and occasionally other House and Senate members—are asked to introduce these measures. On request, the staff then works closely with Congressional staff in providing information, helping to understand potential problems, and making any changes necessary in the legislation. ACIR members and staff also provide testimony and make presentations at appropriate forums. Commission recommendations for administrative changes at the national level are transmitted to the President, his executive office, and the heads of individual departments and agencies as appropriate. ACIR also works with the executive and legislative branches of government to review and comment on proposed legislation affecting the federal system.

ACIR recommendations for state action are translated into model legislative language for consideration by state legislatures. ACIR's state legislative program includes over 100 bills under ten headings: state government structure and processes; local government modernization; state and local revenues; fiscal and personnel management; environment, land use and growth policy; housing and community development; transportation; health; education; and criminal justice. These draft proposals are made available to Governors, state legislators, state administrative officials, and other state and local policymakers and their advisors.

In addition, the staff makes special efforts to work closely with those jurisdictions which request technical assistance, with study commissions, and wherever there appears to be the greatest potential for constructive change.

Another key part of ACIR's implementation effort is dissemination of information in the most readable and easily understood manner possible. Toward this goal, in recent years, the Commission has launched several new publications designed to condense and simplify ACIR findings and recommendations for a broad audience. These include publication of a quarterly magazine entitled *Intergovernmental Perspective* and a series of executive summaries of major ACIR reports entitled *In Brief*. ACIR also works closely with members of the press both in, and outside of Washington to provide timely and accurate information in the area of intergovernmental relations.

ject run the gamut from the broad—federal takeover of welfare—to the specific—detailed program components of CETA, Community Development, and LEAA Block Grants. A number of the recommendations have been implemented. Others involve long-term approaches where change will be slower in coming. Examples of ACIR's recommendations in the federal aid area are:

- ☐Congress should enact a general statute providing for periodic Congressional reassessment of federal grants-in-aid to state and local government (1961).
- ☐To assure the greatest flexibility, the federal government should authorize a combination of grants-in-aid: categorical grants to meet specific needs of national concern; block grants to provide greater flexibility in broad functional areas; and per capita general support (revenue sharing) to enable states and localities to meet their own unique needs (1967).
- ☐Congress and the President should drastically reduce the number of separate grant-in-aid authorizations. The Congress should authorize the President to submit grant consolidation plans which would become effective unless rejected by either house within 90 days (1967).
- ☐Congress should enact legislation to authorize single applications for interrelated projects and joint funding of projects with components from several sources. States should enact similar legislation for their grant programs (1967).

The Commission's five-point agenda for reform of the grant system—the central product of the 1976-78 study of the intergovernmental grant system—combines both earlier and new recommendations into these five strategies:

- ☐grant consolidation;
- ☐restrained and considered use of national policy requirements;
- ☐careful program design and evaluation;
- ☐simplifying and standardizing grant management procedures; and
- ☐reconsideration of each level's functional responsibilities.

Considerable efforts have been made to deal with two of these points. Careful program design and evaluation have been encouraged through implementation of a tripartite system, some experimentation with advance funding, and research into the areas of matching and maintenance-of-effort requirements. More attention has been given to simplifying and standardizing grant management procedures through joint funding; increased use of single applications for interrelated projects; development of standardized application and reporting forms; and establishment of several management tools such as OMB's Circular A-95 to set up state and areawide bodies to review applications for federal aid, TC 1082 to inform state and local officials of grant awards, and OMB Circular A-102 to establish uniform requirements for state and local governments applying for federal aid.

Two areas—grant consolidation and restrained and considered use of, and greater uniformity in, cross-cutting requirements—are major parts of ACIR's work program as the 1980s begin. Several major public interest groups strongly support the concept of grant consolidation and some interest has been expressed by the White House as well. Cross-cutting requirements and how to best deal with them are a major focus of a study underway at the Office of Management and Budget on grant management. Both areas are also addressed in federal legislation now pending in the Congress—"The Federal Assistance Reform Act."

The final area is the one that may draw increasing attention throughout the next decade: Who should do what; or, more to the point at hand, what should be the role of the federal government in the federal system? Which, if any, of the 498 purposes for which there are aid programs should be returned to the states and local government?

Up until now the Congress has been all too willing to be city council, county board of supervisors, state legislature and Governor, in addition to legislating on issues of national scope. Such an expanded role has led to a federal "overload" where federal grants-in-aid are provided in areas such as bridge replacement and rehabilitation, rat control, development of bikeways, and police disability payments. ACIR feels there must be a sorting out of federal functions—and a giving up of some of them and full assumption of others—if the system is to function more accountably and effectively.

Thus the Commission's role in encouraging change and promoting system, order, and balance in federal aid has been a key one. Yet ACIR's advice on certain points has been trampled by strong contrary forces. For example, the fact that the number of categorical grants have skyrocketed—from a cumulative total of 160 through 1962 to 492 in 1978—would indicate that the Commission's plea for order, restraint, and consolidation did not register with the Congress and Presidents.

Similarly, the Commission's repeated reminders that states play a pivotal role in the federal system fell on deaf ears during the Great Society years when federal aid began to bypass states, and during the 1970s when this trend became even more pronounced. The expansion of the federal-local connection as evidenced in CETA and Community Development Block Grants as well as numerous categorical grants, has led to the coining of the term "pinwheel federalism," where all actors—states, areawides, counties, cities, townships, not-for-profit agencies, and others—are essentially equal shafts revolving around Washington as the "pin." While this makes political sense, it compounds fiscal and functional assignment confusion.

In addition, the increasing dependence of local government (particularly cities) on federal and state

aid flies in the face of long standing Commission policy calling for fiscally strong general purpose local governments.

Strengthening States. Two intergovernmental trends to which ACIR has made significant contributions relate to strengthening of the states by revamping, modernizing, and making the three branches of state government more accountable and by vastly improving the state revenue systems.

Perhaps one of the greatest ironies of the intergovernmental scene over the past 20 years has been that at the same time when the state's role has been weakened thanks to the growing federal-local connection in the $80 plus billion grant world, the states have actually strengthened both their structures and functions and their finances to the point where they are quite capable of assuming full partnership in the federal system.

Well over 50 reports of the Commission deal with state and state-local fiscal and structural/functional relationships. In addition, the state receives central attention in the Commission's yearly compilation and assessment of innovative actions occurring at federal and state levels and in the ten-volume series of suggested state legislation on issues ranging from state government modernization to local financial management.

Throughout these reports flows the Commission's concern for improving the states through such recommendations as:

- ☐ Restrictions on annual sessions of state legislatures should be removed and legislators should be paid on an annual basis commensurate with demands on their time (1967).
- ☐ States should provide year-round professional staffing of major legislative committees (1967).
- ☐ State constitutions should specify clearly legislative apportionment provisions including apportionment based on population and a clear formula to which people can react at the polls (1962).
- ☐ State constitutions should be amended to reduce greatly the number of separately elected state officials (1967).
- ☐ Governors should be permitted to succeed themselves; be given responsibility to submit to the legislature a budget covering all estimated state income and expenditures; and be empowered to reorganize the administrative structure of state government subject to a veto of either legislative house within a specified period of time (1967).
- ☐ To achieve a more equitable, diversified, and productive state-local tax system, states should require and enforce effective local use of the property tax, equip themselves with a productive and broad based tax system capable of underwriting a major portion of expanding state-local expenditure requirements (1967).
- ☐ States should shield low income families from undue tax burdens on food and drugs under general sales taxes (1967).
- ☐ States should use grants to equalize local property tax loads within metropolitan areas (1965) and should help localities finance the cost of relieving any undue local property tax burden on low income families (1967).
- ☐ States should retain responsibility for shaping policies dealing with general property tax relief and intrastate school finance equalization (1973).

Indeed by almost every measure, states have improved their ability to govern, provide services, and meet the current and anticipated future needs of their constituents.

On the legislative side, reapportionment was clearly the impetus for improved legislatures—changing the image—and fact—of rural dominated "pork chop" legislatures into more representative bodies made up of younger, more dedicated, more urban, and more public-oriented legislators. The adoption of annual sessions (now in 43 states), the hiring of full-time, highly qualified staff in practically every state, and the emergence of a national public interest organization representing only state legislatures were all factors supporting the strengthening of state legislative bodies.

As the 1970s ended, there were still other indications of strengthened state legislative activities such as a marked increase of legislative involvement in appropriating federal dollars, reviewing and approving state agency applications for federal grants, playing a strong role in formulating state plans in various areas, and adopting innovative legislation in such areas as state assistance to urban areas, transportation funding, and indexation of the state income tax and other forms of tax relief.

On the executive side, reorganization was the key word in numerous states in recent years as Governors attempted to get a better handle on their own cabinets through consolidation of small, functionally related agencies into larger agencies equipped to handle a variety of state and federally funded programs. These consolidations, said the Governors, not only helped make agency heads more accountable to the state's chief elected official but also made it easier for recipients to know where to go to get services. Additionally, a number of constitutional changes advocated by ACIR such as allowing gubernatorial succession and reducing the number of elected state officials were made in many states.

State judicial reform has moved along at an even more rapid pace—with states unifying their state court systems, eliminating and revamping outdated or misused justices of the peace or similar low-level courts, and generally improving the administration of courts, thereby reducing time before trial and eliminating unnecessary paperwork.

"Indeed by almost every measure, states have improved their ability to govern, provide services, and meet the current and anticipated future needs of their constituents."

On the financial front, states greatly improved their capability by adopting general sales and personal income taxes—as recommended by ACIR. In the past 20 years, 11 states adopted sales taxes; ten, the income tax. The result has been a big increase in state revenue collections. For example, in 1948, state taxes accounted for 2.7% of the gross national product (GNP); by 1978, they made up 5.7% of GNP. By way of contrast, federal taxes were 15.4% of GNP in 1948; in 1978 they had fallen to 13.5%.

Not only are state tax systems productive, but the widespread adoption of sales tax exemptions and progressive income taxes has made tax systems, on the whole, less regressive than in the past and less regressive than local systems which rely heavily on the property tax.

Regional Bodies. In its early years, the ACIR made several studies of metropolitan area problems. In devising possible solutions to these problems, it first recommended federal financial aid be provided to metropolitan area planning agencies in 1961. In 1966, ACIR recommended that states create multipurpose regional public agencies to undertake physical, economic, and human resources planning and development programs over multicounty areas. In the early 1970s, ACIR further expanded its view of the role of regional bodies by urging the federal government to enunciate a comprehensive policy for all federal grant programs with substate regional planning, administrative, and districting components. According to the Commission, the policy should at a minimum:

- ☐encourage all states to adopt a substate districting system;
- ☐rely on umbrella multijurisdictional organizations (UMJOs) for all federal grants with an areawide component;
- ☐enact legislation that consolidates all areawide planning requirements to make use of UMJOs;
- ☐enact a consolidated aid program for UMJOs with a bonus for states to buy into it; and
- ☐make UMJOs the A-95 review agency and require that all major capital facilities projects with an areawide impact be consistent with UMJO plans.

By encouraging use of these UMJOs, the Commission did not intend to set up an additional level of government independent of other levels and unaccountable to the people. The Commission recognized that in light of the proliferation of single purpose substate regional units since the mid-1960s, certain problems do transcend local boundaries and must be dealt with on a regional rather than a local basis. By encouraging uniformity and setting out specific policies, the Commission hoped to curb the duplication, overlap, and confusion that had resulted from differing regional bodies that had been set up within the same general area. The Commission saw the use of UMJOs as a short-term strategy toward meeting the long-term goal of structural reorganization.

In sum, ACIR's recommendations in the regional arena call for a three-part approach:

- ☐strengthened regional councils in multijurisdictional areas where no areawide general purpose government exists;
- ☐state authorization of local government reorganizations to create areawide local governments through such techniques as annexation, incorporation, consolidation, the modernized county, and/or transfers of functions; and
- ☐state policies and programs which would more carefully and equitably assign local and areawide responsibilities among the units created under the other two parts of the strategy.

While regionalism is not new to the past 20 years—regional planning for metropolitan areas goes back to the 1920s and multijurisdictional authorities for providing special services go back even further—the use of such districts has become a nationwide phenomenon over the past two decades. One major impetus for the spread was enactment of the *Housing Act of 1954* which made "701" planning assistance available to regional planning commissions, to state planning agencies carrying on statewide or interstate comprehensive planning and, by the amendments of 1965, to councils of governments.

By the close of 1965, eight states were active in providing assistance to areawide agencies. In 1972, ACIR found 40 states with officially delineated statewide systems of substate planning and development districts. In 1979, there were 43, plus two with de facto systems, and every state has at least one general purpose type of substate regional organization. Two-thirds of the states (34) have such regional organizations covering all of their territory (up from 14 in 1972).

A number of federal programs have encouraged these substate regional organizations and activities. As of 1976, there were 32 federal programs which have substantial significance for substate regions—including the federal aid review and comment process (A-95).

Most of the nearly 700 regional councils spawned by federal programs, state action, and local cooperation serve a variety of constructive purposes. While they concentrate on planning in large measure, many

have substantive records in service delivery.

Yet the increase in numbers and accomplishments should not obscure the general weakness of these regional bodies. They tend to lack formal authority to carry out their policy recommendations, and they rely very largely on federal funding to support their operations. An irony surrounds these regional bodies as well. One of the justifications for their establishment was to make sense out of the fragmented, overlapping system of local governments. Yet in fact there is now another level of fragmented, overlapping regional entities on top of the still disordered local system.

Some Impact

In other major intergovernmental trend areas, ACIR had some role—but not as strong as in the earlier areas noted. One example would be the Commission's response to the problems of cities.

Urban Problems. Although many of ACIR's early works dealt with metropolitan area problems and some 16 reports fall in this category, a number of the human relations and other concerns that have plagued major metropolitan areas have not been directly considered by the Commission. Chief among these would be race relations, in general; and more specifically, white flight from the cities to the suburbs, busing, and loss of economic viability. The exception here would be reducing urban crime, where in 1971 the Commission made a series of recommendations to states in five areas: police, courts, prosecution, counsel for the indigent and corrections.

ACIR's program for meeting urban needs has taken a broader, intergovernmental approach that includes:

- ☐ restoring fiscal balance in the American federal system,
- ☐ creating effective national and state urban development and housing policies,
- ☐ restructuring the maze of local governments,
- ☐ coordinating and curbing special function governments,
- ☐ strengthening general purpose management in urban America,
- ☐ improving the delivery of urban services,
- ☐ improving urban financial and personnel management,
- ☐ securing greater state commitment to solving urban problems, and
- ☐ achieving greater consistency among the conflicting federal roles and programs in urban problem solving.

In some of these areas, progress has been great over the past few years. Probably the two most noteworthy advances relate to achieving fiscal balance in the American federal system, which has been amply referred to in earlier sections of this report, and community and economic development.

For a number of years Washington and the states have attempted to promote policies to provide a range of housing, especially for low and moderate income people. Through setting up departments of housing to oversee construction and operation of specially built housing and exercising greater control over building codes, many states have made major strides toward this goal.

In the related area of urban development policies, Washington was frequently ahead of the states in providing targeted assistance to "blighted" areas. Yet in recent years, the states have stepped up their efforts to set forth comprehensive state urban policies, including efforts to encourage business to invest in intercity areas, and to use regulatory tools, fiscal incentives, and new spending proposals to curb sprawl and revitalize central city areas.

States have also taken steps to improve urban financial and personnel management through such means as improving state oversight over local pension systems, assisting local governments in marketing their debt, establishing insurance pool operations, and regulating use of short-term debt by local governments.

Some other parts of ACIR's package have not fared as well. Restructuring local government through liberalizing municipal annexation, strengthening home rule, and setting up consolidated governments or two or three-tier arrangements have not been widespread. Similarly, efforts to halt further proliferation of special districts, to sort out functional tasks among different levels and types of government, and to achieve greater consistency among federal roles in urban problem solving remain few and far between.

The bottom line is that while there have been major efforts made to help ailing central cities, the problem remains serious and certain fundamental ills are rarely attacked.

Other Areas. Needless to say, an organization of the size and with the mandate of ACIR has not—and perhaps should not—attempt to make recommendations relating to all major areas of intergovernmental concern. Indeed there are important intergovernmental developments discussed in the preceding article—notably the impact of the courts on intergovernmental relations, and changes in the political components, including politics, parties, interest groups, and the Congress itself—where the Commission has been noticeably silent over the years.

"The bottom line is that while there have been major efforts made to help ailing central cities, the problem remains serious and certain fundamental ills are rarely attacked."

Yet this silence is the result of neither oversight nor trepidation. These subjects have been on the research agendas considered by the Commission at intervals in recent years. They have not been chosen for a variety of reasons, mostly priorities but also questions concerning what types of recommendations and actions might result from detailed study (for example, what recommendation could or should ACIR make to the courts?) and the likelihood of a Commission made up almost entirely of partisan elected officials putting aside all political mantles to make policy recommendations on political parties or rising above their positions as federal, state, and local officials to make tough judgments on the public interest groups which nominate them for Commission membership.

These and other areas—such as growth of the public sector and Frostbelt-Sunbelt regional competition—are perhaps best handled by careful monitoring and periodic reporting on their impact on our intergovernmental system—the approach which has been followed by ACIR on these issues to date.

There are, nevertheless, clear areas of intergovernmental significance which are looming large in the near future and which do lend themselves to policy recommendations of the type provided by ACIR. Among these items—which are under consideration by ACIR for future research topics of the 1980s—are implications for the federal system of demographic and economic trends, role of the private sector in providing public services under federal aid programs, and federal mandates and federal regulation of state and local government. There is also a long list of government operations where responsibility is shared among the federal, state, and local levels, and where serious problems are evident. Examples include numerous energy programs, unemployment compensation, welfare administration, and regulation of the banking and insurance industries. ACIR is not in danger of running out of work.

Conclusion

Predictions, experience shows, miss more than they catch, and certainly intergovernmental seers in 1969—much less in 1959—would not have been able to predict with any accuracy the changes in the intergovernmental system that we have lived through during these two decades.

Nevertheless, there are strong indications that the new decade will be one more aptly characterized by lean than by fat, by "makedo" instead of expansion, and refinement rather than innovation. These characteristics have already been attributed—at least in rhetoric—to governments in the closing years of the 1970s. And indications are that continued pullbacks are full steam ahead for the early 1980s, if not beyond.

Perhaps this period of relative pullback will give policymakers more time for reflection and introspection. Perhaps there will be more questioning along the lines of, does the federal government really belong in some areas like rural fire protection and is this program really worth the millions it demands; and what impact do federal programs really have on our institutions, service recipients, the economy, and our intergovernmental system? What is the state role in an intergovernmental system operating in a new era of limits? Are services and functions indeed being "centralized" at the state level and, if so, is this the best way? And what about localities? Can our central cities continue to survive—much less thrive—with their increasing dependence on federal and state aid to provide basic services?

Similarly, ACIR's role in the 1980s should continue to be one of questioning and careful monitoring and producing considered refinements to our ever-changing federal system. For in this milieu of fairly drastic changes, the ACIR has the continuing and fundamental mandate to probe the complex, probably unpopular, ways by which government must adapt to these new—and not necessarily unhealthy—circumstances. We don't expect the path to become easier. For it appears the next 20 years may well be as dynamic—and unpredictable—as the last 20.

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Senator DURENBERGER. The hearing will be adjourned.

[Whereupon, at 11:35 a.m., the hearing was adjourned, subject to the call of the Chair.]

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